



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809

February 21, 2014

TO: The Honorable Sylvia Luke, Chair
House Committee on Finance

FROM: Barbara Yamashita, Deputy Director

SUBJECT: **H.B. 1576, H.D.1 - RELATING TO FOSTER CARE SERVICES**

Hearing: Friday, February 21, 2014, 11:00 am
Conference Room 308, State Capitol

PURPOSE: The purpose of H.B. 1576, H.D.1, is to increase the monthly board rate for foster care services for children.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of this bill to increase monthly foster care board payments to its resource families. Following the 2013 Legislative Session, the Department initiated a collaborative process to review and develop recommendations for increasing the foster care board rate. Based on findings from a review of the foster care rates and practices of forty-six (46) other states, the cost of raising children in Hawaii, and the current benefits that resource families in Hawaii receive in addition to tax-free monthly foster care payments; the DHS recommends increasing the monthly foster care payment based on an age-tiered system indexed to expenditures contained in the United States Department of Agriculture's Expenditures on Children by Families Report. This rate structure is detailed in Option 2 of the attached Hawaii Foster Care Rate Report.

The Governor's Supplemental Executive Budget includes the Department's request for funding for increasing foster care board payments based on the recommendations of the foster board report .

Thank you for the opportunity to testify on this bill.

EXECUTIVE SUMMARY

Introduction

At the close of the 2013 Legislative Session, the Department of Human Services (DHS) initiated a collaborative process to review and develop recommendations for increasing the foster care board payments to resource families caring for children in the DHS' child welfare system (CWS). This effort was in direct response to shared concerns expressed by legislators, resource families, foster youth leaders and DHS during the 2013 Legislative Session. This report reflects the work done since the close of the 2013 Legislative Session and provides background and a methodology that supports the budget request submitted by the DHS to the 2014 Legislature, requesting funds to increase foster board payments to resource families.

Review of Research

The University of Hawaii, College of Social Science, Public Policy Center, through a MOU with the DHS, reviewed the work done nationally and locally by researchers to address payment rates to resource families caring for children in child welfare systems. The Public Policy Center worked closely with the DHS research and planning staff as well as with CWS staff to review current practices, rates, administrative rules and data related to utilization. A summary review follows:

1. Review of National Standards and Individual State Practices in Setting Foster Care Maintenance Rates

Many states have discussed and are engaged in ongoing discussions related to the needs of resource caregivers who are caring for children in the foster care system. Two highly regarded national studies were reviewed including: The Family Foster Care Provider Classifications and Rates Survey (2013), and Hitting the M.A.R.C. Establishing Foster Care Minimum Adequate Rates for Children (2007).

2. Cost of Raising Children in Hawai'i

The United States Department of Agriculture (USDA) Expenditures on Children by Families reports are looked upon by many states and scholars as a reliable tool in assessing costs associated with raising a child as applied to provider rates for family resource families. For the purposes of this report and the DHS' proposed budget, the DHS relied upon the 2011 USDA Expenditures report as the 2012 USDA report had not yet been published. Nevertheless, the methodology used by the DHS was captured so that it could be replicated as new USDA reports are issued and the projections can be recalculated based on the same methodology.

3. Hawai'i's Current Benefits

In addition to the monthly foster care maintenance payments, there are other benefits that foster children and their resource caregivers may be eligible for. These additional benefits were reviewed.

Major Findings

The Family Foster Care Provider Classifications and Rates Survey (2003) 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). The report found:

- 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 a final group of older youth;
- In the majority of states, most basic foster care rates, fall below the estimated costs of caring for a child based on the USDA rates. A number of states have rates that represent less than half of the estimated cost of care;
- Twenty-five states include clothing allowance in their basic rate;
- Most states pay the same rate 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 enhanced needs or level of care. These tools determine additional special needs or difficulty of care required by the foster child/youth. Frequently cited tools were: the Child and Adolescent Functional Assessment S, the Child and Adolescent Needs and Strengths;
- Most states do not revise their foster care rates on a set schedule (e.g. annually) and do not revise the rates based on inflation.

Conclusions

It is difficult to compare monthly foster care rates across states, or rank states, since 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.

As with other states, Hawai'i's resource caregivers currently receive additional benefits such as: QUEST health insurance, difficulty of care payments, clothing allowances, special circumstances

and/or events payments, designated transportation costs, respite care and child care coverage, limited liability insurance, training, and other additional enhancements and supports.

Recommendations

- Increase the monthly foster care payment to resource caregivers utilizing the cost projections contained in the United States Department of Agriculture's Expenditures on Children by Families Report.
- Use an age adjusted system utilizing age groupings.
- Include for those eligible families, the current annual clothing allowance of \$600, prorated to a monthly amount of \$50 into the board rate.¹

REPORT

At the close of the 2013 Legislative Session, the Department of Human Services (DHS) initiated a collaborative process to review and develop recommendations for increasing the foster care board payments to resource families caring for children in the DHS' child welfare system (CWS). This effort was in direct response to shared concerns expressed by Legislators, resource families, foster youth and the DHS.

This report reflects the work done since the close of the 2013 Legislative Session and provides background and a methodology that supports the budget request submitted by the DHS to the 2014 Legislature, requesting funds to increase foster board payments to resource families.

Discussion

Several important studies have been published recently to assess the type and methodologies used by states to determine their payment rates for resource caregivers. A study conducted by Kerry DeVooght, Child Trends and Dennis Blazey, 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 payment data from 46 states (Hawai'i was not one of the states included in this study). The study revealed that the majority of states classify children into different payment groups based on the age of the child; all states 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

¹ Under Hawai'i Administrative Rules, families receiving adoption assistance do not receive a clothing allowance.

caregivers. Some states include such items as emergency clothing or a regular clothing allowance, transportation, and personal incidentals, in the basic reimbursement rate and others do not.

A second leading study, Children's Rights, National Foster Parent Association, and University of Maryland School of Social Work, Hitting the M.A.R.C. Establishing Foster Care Minimum Adequate Rates for Children 2007, known as the MARC Report is also frequently cited as an influential report on rate care setting. 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 "liability and property insurance," while the USDA estimates include a broad category of housing costs, education and health care costs.

The MARC study attempts to establish a minimum adequate rate for children living in foster care. The authors argue that foster children are more costly than non foster children and thus, they adjusted many categories upward. For example the MARC study estimates that foster children spend 15% more in school supplies than non foster children, 10% more on food, and 15% more in personal incidentals. To support the upward adjustment, the MARC report cites a 2002 study by McHugh, The Costs of Caring: A Study of Appropriate Foster Care Payments for Stable and Adequate Care in Australia. McHugh argues that because foster children often suffer from trauma, this results in behaviors and needs that entail increased costs when compared to other children. Most states, however, 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. This is the approach adopted by Hawai'i.

To provide some additional background, some children in the foster care system qualify under the Title IV-E of the Social Security Act for federal financial assistance to help cover state foster care maintenance payments (see 42 U.S. C. 675 (4) (a), for eligible children. For these eligible children who come from low-income families, there is a federal dollar match for the foster care payments. Since the number of eligible children varies at any given time, the DHS uses averages, based on prior years, to estimate the federal and state match for budgetary requests.

In addition, this report addresses just board payment and not all payments that are part of a larger foster care payment system that provides for health care, transportation, special needs/difficulty of care etc. Also note that any increase in the basic board payment that is provided to resource caregivers also applies to families eligible for adoption assistance, permanency assistance, youth receiving higher education board allowance payments, and to young adults who choose to enroll in the new program of extended Voluntary Care to age 21. Importantly, this report does not address Hawai'i's difficulty of care payments which is currently set at a maximum \$570 per month.

Scanning the States

DeVooght 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. 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's Expenditures on Children by Families Report.) DeVooght et al. conclude that the basic foster care rates in most states fall below the cost-of-care estimates for all age groups.

Sample methodologies adopted by specific states are as follows:

1. Oregon

The state began developing its new foster rate system in 2008. Oregon's methodology used five of the cost categories enumerated in Title IV-E and listed in the MARC report: food, clothing, shelter, daily supervision, and personal incidentals. Oregon policymakers then relied upon the USDA estimates of annual expenditures on children of different ages by a middle-income family in the "Urban West." Oregon then adjusted upward using the McHugh multipliers as recommended in the MARC report. For example, the USDA food amount was increased by 10%, but because Title IV-E does not contemplate reimbursement for mortgage or rent, property taxes or insurance, the USDA housing cost was reduced by 40% to reflect only utilities, household furnishings, and appliances. Currently Oregon's basic rates depending on age range from \$18.90 per day to \$24.36 per day.

2. North Carolina

In 2005 North Carolina assessed its foster care rates with primary reliance on the USDA reports. North Carolina elected used the lowest income bracket of the USDA report income brackets because it most clearly matched the median income levels of North Carolina residents. North Carolina then took the USDA data costs for housing, food, transportation, clothing and miscellaneous and used those rates to establish the basic rates. Currently, North Carolina's basic rates depending upon age range from \$15.62 per day to \$20.84 per day.

3. **Indiana**

In August 2011, Indiana 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 measured the *incremental* cost of an additional child which 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); and Travel and daily supervision. In doing so, Indiana rejected the underlying premises of the MARC Report (2007) which it considered to be unreliable. Based upon its study, Indiana's current basic rate ranges from \$18.28 per day to \$22.90 per day, based upon age.

Hawai'i's Current Approach

Hawai'i uses a base rate of \$529 a month to reimburse resource caregivers. In addition, all foster children in Hawai'i receive QUEST medical insurance covering medical, dental, behavioral health and prescription medications. In addition to the tax free current basic rate of \$529 per month and Med-QUEST coverage, the DHS' currently provides a broad array of other supports for resource families under its administrative rules (HAR 17-1617) including:

1. **Difficulty of Care Payments**

Difficulty of Care Payments are provided for a child who requires more care and supervision as documented by a treating professional because of the child's physical, emotional, psychological and/or behavioral needs. The difficulty of care payment is determined based upon the child's needs with the maximum amount of \$570 per month. This difficulty of care allowance is then added to the base foster care board rate.

2. **Other Transportation Costs**

- a. School bus fare or private car mileage – Car mileage is paid to resource families at the current established state mileage rate when free school transportation not available for the months school is in session.

- b. Local bus fare, private care mileage, taxi fare is paid for medical/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.
- c. Transportation to effect placement or reunify with family out of State – Transportation for out of state travel needs prior approval from DHS.
- d. Transportation for resource caregivers to attend authorized meetings such as trainings.
- e. Transportation for child visitation/ohana time with parents and siblings.

3. Other 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 the resource family's well-being.

4. Clothing Allowance

In 2013, the state Legislature increased the allotment for clothing by \$100 to \$600 annually for children in foster care. This fall CWS amended its rules and resource families are no longer required to submit requests to receive the clothing allotment. Instead, resource families will automatically receive semi-annual payments for children in their care. The clothing allowance may now also be used to purchase diapers. In addition, upon placement in a new home, resource families receive an allowance, as needed, to ensure that a child has sufficient clothing.

5. Group Activity Fees for Organized Group Activities

This includes organized group activities that are determined necessary for the child's growth and development (e.g. Scouts, YMCA, YWCA, Community Soccer, Community Baseball, Community Swimming, Boys and Girls Clubs).

6. Enhancement Fund

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

7. 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.

8. Child Care

Resource caregivers may be eligible for child care subsidies for their foster children. BESSD does not include a resource caregiver’s income in the child care eligibility determination for foster children.

9. Additional costs covered for services and care provided to foster children

Free school lunch, free Summer Program, free A+ after school program at public schools.

10. Limited Liability Insurance

Bodily Injury & Property Damage; Defense Payments.

11. Completion Awards

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

12. Support Groups

Free Statewide Support Groups for resource families and Post-Permanency Families through DHS contractors, various foster care coalitions partially funded by DHS, community-based providers, and others. Child Care and Meals/Snacks are often provided.

13. Training

Free Statewide training for resource families and Post-Permanency Families through DHS’ contractors, various foster care coalitions partially funded by DHS, and community-based providers. Child Care and Meals/Snacks are often provided.

14. Family Events

Free Statewide events for resource families and post permanency families through DHS’ contractors, and various foster care coalitions partially funded by DHS, community-based providers, the community, businesses, and foundations. These

events are often connected with National Foster Care Month, a National Adoption Month, Recognition of resource families, holiday parties, and summer picnics.

15. Warm Line, Resource Referrals, Newsletters, Care To Share

DHS contractor provides newsletters, referrals and other supportive services to families.

Hawaii's Methodology for Calculating Recommended Board Payment Increases

Hawaii's methodology for developing a new foster care board rate is based upon the 2011 USDA Estimated Annual Expenditures on a Child by Middle Income (average before tax income = 79,240) Husband-Wife Families, Urban West (Table 1). The USDA methodology is a recognized tool utilized by states across the nation in determining foster board rates. Because a resource family must be self sufficient prior to the placement of a child in the home, the DHS selected the middle income, before tax, estimated annual child expenditure rate as its starting point.

Table1: Estimated annual expenditures on a child by husband-wife families, urban west, 2011

Before-tax income: \$58,890 to \$101,960 (average =\$79,240)

Age of Child	Housing	Food	Misc.	Total Annual Expense	Total Monthly Expense
0 – 2	\$4,670	\$1,440	\$1,020	\$7,130	\$594
3 – 5	4,670	1,530	1,220	7,420	618
6 – 8	4,670	2,150	1,240	8,060	672
9 – 11	4,670	2,460	1,230	8,360	697
12 – 14	4,670	2,640	1,300	8,610	718
15 – 17	4,670	2,630	1,180	8,480	707

The Western region consists of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming

In developing Hawaii's new foster care board rate structure, only three of the cost categories, *housing, food, and miscellaneous*, as listed in the 2011 USDA report, were utilized in deriving Hawaii's proposed basic foster care board rate.² The other USDA cost categories of transportation, clothing, health care, child care and education were not factored because Hawaii's resource families currently receive separate individualized payments or subsidies for

² Lino, Mark (Aug 2013). Expenditures on Children by Families 2012. USDA Center on Nutrition and Policy and Promotion. Publication 1528-2012. *Table 3: Estimated Annual Expenditures on a Child by Husband-Wife Families, Urban West, 2012.*

these expenses, or they are provided through other existing programs. For example, health care is provided for all foster children through the State's comprehensive Med-QUEST program. Similarly, a free and comprehensive education is provided through the Department of Education. After school A-Plus care costs are reimbursed by the CWS and resource families are eligible to participate in the DHS' Pre-School Open Door's program. Similarly, transportation costs are reimbursed for specified activities. The DHS provides an annual clothing allowance of \$600 with additional allowances upon placement into a new home, and a \$125 per annum allowance for special occasions such as prom, athletic endeavors or other similar enriching events.

Under the USDA formula, housing expenditures include shelter (mortgage interest, property taxes or rent, maintenance and repairs, insurance, utilities (gas, electricity, fuel, cell/telephone, and water), and household furnishings and equipment (furniture, floor coverings, and major and small appliances).³ Although Title IV-E does not expressly contemplate reimbursement of resource parents for mortgage interest, property taxes or rent, insurance, and maintenance and repairs, the USDA housing expenditure standard nevertheless provides a useful benchmark of child rearing costs and is relied upon by myriad other states in setting their foster board payment rates.

The USDA food expenditures for an average family include food and nonalcoholic beverages purchased at grocery, convenience, and specialty stores, dining at restaurants, and household expenditures on school meals.

The USDA Miscellaneous expenses consist of personal care items (haircuts, toothbrushes, etc.), entertainment (television, computers, etc.) and reading materials (non-school books, magazines, etc.).⁴ Hawaii's basic board rates should cover these miscellaneous expenses as well.

Annual Clothing expenses as estimated by USDA consist of children's apparel such as diapers, shirts, pants, dresses, and suits; footwear; and clothing services such as dry cleaning, alterations, and repair.⁵ Rather than utilizing the 2011 USDA Annual Estimated Clothing expenditures, the DHS prorated the present \$600 annual clothing allotment, at \$50 per month, into the monthly board board payment rate. Actual payout will be twice a year before the beginning of school and near the Christmas holidays, at \$300 per payment. Resource families may request an additional \$150 per annum to assist with special clothing needs such as prom dresses or sport uniforms, and are also entitled to an additional clothing allowance, as needed, upon initial placement of a child.

Utilizing the 2011 USDA estimated *Housing, Food, and Miscellaneous* expenditures and averaging the USDA age brackets to correspond to an age tiered structure (0-5, 6-11, and over 12 years of age) The, DHS calculated the USDA's estimated total monthly expenses by age for 2011 and compared this expenditure to DHS's current 2013 Foster Care board rate.

As shown in Table 2, below, the current 2013 DHS foster care board rate of \$529 per month falls short of meeting the USDA estimated cost of raising a child in Hawai'i.

³ Ibid. p.2

⁴ Ibid. p.2.

⁵ Ibid. p.2.

Table 2: Annual and Monthly Estimated 2011 USDA Expenditures on a Child by Age in Comparison to Hawaii's current 2013 Foster Care Board Rate

Based Upon the 2011 USDA Estimated Annual Expenditures on a Child by Husband-Wife Families, Urban West (Before-tax income: \$58,890 to \$101,960 (average =\$79,240))

Age of Child	Type of Assistance *	2011 Housing Expense	2011 Food Expense	2011 Misc. Expense	2011 USDA Estimated Total Annual Expense	2011 USDA Estimated Total Monthly Expense	Current 2013 CWS Foster Care Board Rate
0 – 5	FC	\$4,670	\$1,485	\$1,120	\$7,275	\$606	\$529
	PA	4,670	1,485	1,120	7,275	606	529
	AA	4,670	1,485	1,120	7,275	606	529
6 – 11	FC	\$4,670	\$2,305	\$1,235	\$8,210	\$684	\$529
	PA	4,670	2,305	1,235	8,210	684	529
	AA	4,670	2,305	1,235	8,210	684	529
12+	FC	\$4,670	\$2,635	\$1,240	\$8,545	\$712	\$529
	PA	4,670	2,635	1,240	8,545	712	529
	AA	4,670	2,635	1,240	8,545	712	529
	Higher Ed	4,670	2,635	1,240	8,545	712	529
	FC to 21	4,670	2,635	1,240	8,545	712	529

*Legend:

FC- Foster Care

PA- Permanency Assistance

AA- Adoption Assistance

Current Cost of Hawaii's Foster Care System

The current annual cost of Hawaii's Foster Care system using Hawaii's Current 2013 Foster Care Board rate of \$529 a month is \$38,145,132 (Table 3).

Table 3: Cost of Foster Care Using Hawaii's Current 2013 Foster Care Board Rate (\$529/month)				
Age of Child	Type of Assistance*	Current 2013 Hawaii CWS Monthly Foster Care Rate	June 2013 Number of CWS Foster Children	Monthly Cost of Current Foster Care Board Rate**
0 – 5	FC	\$529	532	\$281,428
	PA	\$529	31	\$16,399
	AA	\$529	322	\$170,338
		subtotal:	885	\$468,165
6 – 11	FC	\$529	326	\$172,454
	PA	\$529	221	\$116,909
	AA	\$529	1,498	\$792,442
		subtotal:	2,045	\$1,081,805
12+	FC	\$529	333	\$176,157
	PA	\$529	571	\$302,059
	AA	\$529	1,740	\$920,460
	Higher Ed	\$529	300	\$158,700
	FC to 21	\$529	135	\$71,415
		subtotal:	3,079	\$1,628,791
Total Monthly Cost:				\$3,178,761
Total Annual Cost:				\$38,145,132

*Legend:

FC- Foster Care

PA- Permanency Assistance

AA- Adoption Assistance

The total annual cost of \$38,145,132 includes all children receiving basic foster care assistance, permanency assistance and adoption assistance. The total annual cost does not include any additional Difficulty of Care (DOC)⁶ payments that a foster child may also receive in addition to their basic foster care board rate.

⁶ DOC are payments provided in addition to the basic board rate for a child who requires more care and supervision as documented by a treating professional because of the child's physical, emotional, psychological, and/or behavioral needs or as documented by appropriate school personnel when the child requires academic or educational assistance over and above the average assistance needed for a child. (HAR §17-1617-3)

Alternate Foster Care Board Rate Structures Proposed

The DHS analyzed three different Foster Care Board Rate Structures and the funding required for each Option. The following is an analysis of the three different Options.

Option 1:

1. Meet 2011 USDA Monthly Expense by 100%
2. Provide Clothing allowance of \$50 per month, with the exception of those on Adoption Assistance (AA)

OPTION 1: Clothing Allowance Per Month: \$50					% USDA Monthly Expense: 100%				
Age of Child	Type of Assist	June 2013 Number of CWS Foster Children	2011 USDA Estimate Total Monthly Expense	Current 2013 CWS FC Board Rate	Net Amt increased	Increased Monthly Board Rate w/o Clothing	Monthly add'l clothing rate	Increased Monthly Board Rate w/ Clothing	Monthly Cost of Increased Board Rate w/Clothing
0 – 5	FC	532	\$606	\$529	\$77	\$606	\$50	\$656	\$348,992
	PA	31	\$606	\$529	\$77	\$606	\$50	\$656	\$20,336
	AA	322	\$606	\$529	\$77	\$606	\$0	\$606	\$195,132
	subtotal:	885							\$564,460
6 – 11	FC	326	\$684	\$529	\$155	\$684	\$50	\$734	\$239,284
	PA	221	\$684	\$529	\$155	\$684	\$50	\$734	\$162,214
	AA	1,498	\$684	\$529	\$155	\$684	\$0	\$684	\$1,024,632
	subtotal:	2,045							\$1,426,130
12+	FC	333	\$712	\$529	\$183	\$712	\$50	\$762	\$253,746
	PA	571	\$712	\$529	\$183	\$712	\$50	\$762	\$435,102
	AA	1,740	\$712	\$529	\$183	\$712	\$0	\$712	\$1,238,880
	Higher Ed	300	\$712	\$529	\$183	\$712	\$50	\$762	\$228,600
	FC to 21	135	\$712	\$529	\$183	\$712	\$50	\$762	\$102,870
	subtotal:	3,079							\$2,259,198
TOTAL:		6,009			Total Monthly:				\$4,249,788
					Total Annual:				\$50,997,456
					Current Annual Cost Using Current Board Rate (\$529/mo):				(\$38,145,132)
					FY 2014 Clothing Budget Allowance				(\$1,469,400)
					Add'l Funds Needed Annually for Board Rate Increase				\$11,382,924

NOTE:

1. Children on Adoption Assistance (AA) do not receive clothing allowance.
2. Costs do not include Difficulty of Care payments which some foster children receive in addition to board payments.
3. Based on the 2011 USDA estimated annual expenditures on a child, Urban West (Before income tax average=\$79,240)
4. The average daily basic rate for children 0-5 is \$21.57; for children 6-11 the rate is \$24.13; and for children 12 and over the rate is \$25.05.

Option 2:

1. Meet 2011 USDA Monthly Expense by 95%
2. Provide Clothing allowance of \$50 per month

OPTION 2: Clothing Allowance Per Month: \$50					% USDA Monthly Expense: 95%				
Age of Child	Type of Assist	June 2013 Number of CWS Foster Children	2011 USDA Estimate Total Monthly Expense	Current 2013 CWS FC Board Rate	Net Amt increased	Increased Monthly Board Rate w/o Clothing	Monthly add'l clothing rate	Increased Monthly Board Rate w/ Clothing	Monthly Cost of Increased Board Rate w/Clothing
0 – 5	FC	532	\$606	\$529	\$47	\$576	\$50	\$626	\$333,032
	PA	31	\$606	\$529	\$47	\$576	\$50	\$626	\$19,406
	AA	322	\$606	\$529	\$47	\$576	\$0	\$576	\$185,472
	subtotal:	885							\$537,910
6 – 11	FC	326	\$684	\$529	\$121	\$650	\$50	\$700	\$228,200
	PA	221	\$684	\$529	\$121	\$650	\$50	\$700	\$154,700
	AA	1,498	\$684	\$529	\$121	\$650	\$0	\$650	\$973,700
	subtotal:	2,045							\$1,356,600
12+	FC	333	\$712	\$529	\$147	\$676	\$50	\$726	\$241,758
	PA	571	\$712	\$529	\$147	\$676	\$50	\$726	\$414,546
	AA	1,740	\$712	\$529	\$147	\$676	\$0	\$676	\$1,176,240
	Higher Ed	300	\$712	\$529	\$147	\$676	\$50	\$726	\$217,800
	FC to 21	135	\$712	\$529	\$147	\$676	\$50	\$726	\$98,010
	subtotal:	3,079							\$2,148,354
	TOTAL:	6,009							
Total Monthly:									\$4,042,864
Total Annual:									\$48,514,368
Current Annual Cost Using Current Board Rate (\$529/mo):									(\$38,145,132)
FY 2014 Clothing Budget Allowance									(\$1,469,400)
Add'l Funds Needed Annually for Board Rate Increase									\$8,899,836

NOTE:

1. Children on Adoption Assistance (AA) do not receive clothing allowance.
2. Costs do not include Difficulty of Care payments which some foster children receive in addition to board payments.
3. Based on the 2011 USDA estimated annual expenditures on a child, Urban West (Before income tax average=\$79,240)
4. The average daily basic rate for children 0-5 is \$20.58; for children 6-11 the rate is \$23.01; and for children 12 and over the rate is \$23.86.

Option 3:

1. Meet 2011 USDA Monthly Expense by 94%
2. Provide Clothing allowance of \$50 per month

OPTION 3: Clothing Allowance Per Month: \$50					% USDA Monthly Expense: 94%				
Age of Child	Type of Assist	June 2013 Number of CWS Foster Children	2011 USDA Estimate Total Monthly Expense	Current 2013 CWS FC Board Rate	Net Amt increased	Increased Monthly Board Rate w/o Clothing	Monthly add'l clothing rate	Increased Monthly Board Rate w/ Clothing	Monthly Cost of Increased Board Rate w/Clothing
0 – 5	FC	532	\$606	\$529	\$41	\$570	\$50	\$620	\$329,840
	PA	31	\$606	\$529	\$41	\$570	\$50	\$620	\$19,220
	AA	322	\$606	\$529	\$41	\$570	\$0	\$570	\$183,540
	subtotal:	885							\$532,600
6 – 11	FC	326	\$684	\$529	\$114	\$643	\$50	\$693	\$225,918
	PA	221	\$684	\$529	\$114	\$643	\$50	\$693	\$153,153
	AA	1,498	\$684	\$529	\$114	\$643	\$0	\$643	\$963,214
	subtotal:	2,045							\$1,342,285
12+	FC	333	\$712	\$529	\$140	\$669	\$50	\$719	\$239,427
	PA	571	\$712	\$529	\$140	\$669	\$50	\$719	\$410,549
	AA	1,740	\$712	\$529	\$140	\$669	\$0	\$669	\$1,164,060
	Higher Ed	300	\$712	\$529	\$140	\$669	\$50	\$719	\$215,700
	FC to 21	135	\$712	\$529	\$140	\$669	\$50	\$719	\$97,065
	subtotal:	3,079							\$2,126,801
	TOTAL:	6,009							
Total Monthly:									\$4,001,686
Total Annual:									\$48,020,232
Current Annual Cost Using Current Board Rate (\$529/mo):									(\$38,145,132)
FY 2014 Clothing Budget Allowance									(\$1,469,400)
Add'l Funds Needed Annually for Board Rate Increase									\$8,405,700

NOTE:

1. Children on Adoption Assistance (AA) do not receive clothing allowance.
2. Costs do not include Difficulty of Care payments which some foster children receive in addition to board payments.
3. Based on the 2011 USDA estimated annual expenditures on a child, Urban West (Before income tax average=\$79,240)
4. The average daily basic rate for children 0-5 is \$20.38; for children 6-11 the rate is \$22.78; and for children 12 and over the rate is \$23.64.



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 1576: Relating to Foster Care Services

TO: Representative Sylvia Luke, Chair, Representative Scott Nishimoto, Vice Chair, Representative Aaron Johanson, Vice Chair, Members of the Committee on Finance

FROM: Trisha Kajimura, Social Policy Director, Catholic Charities Hawaii

Hearing: Friday, February 21, 2014, 11:00 am; Conference Room 308

Thank you for the opportunity to testify in support of HB 1576, which increases the rate of monthly board payments for foster children in Hawaii.

Catholic Charities Hawaii (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawaii for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services to the most vulnerable of the people in Hawaii.

Catholic Charities Hawaii has a long history of working with children in foster care and their families. We provide training to foster families and work with biological families to maintain custody of their children or become reunified with them. We have an in-depth, professional understanding of the dynamics of child abuse and neglect and the resources it takes for foster parents to effectively parent foster children. Many of these resources are mental and emotional and really cannot be defined by a price tag. However, it is easy to understand that with the high cost of living in Hawaii, \$529 per month is not enough to cover the costs of caring for a foster child.

Recruitment of resource (foster) families has become increasingly challenging for agencies and it is clear that the significant contribution they make to our communities by caring for children in need is very important. They are the best chance that these children have for breaking the cycle of family violence that they are caught in. We cannot financially compensate these families for the sacrifices that they make but we must try to reasonably pay for the living expenses of the children that they care for.

Please help us continue to support foster families in caring for Hawaii's children in need. Catholic Charities Hawaii urges you to pass HB 1576.

Thank you for the opportunity to testify. Please contact me at (808)527-4810 or trisha.kajimura@catholiccharitieshawaii.org if you have any questions.





Hale Kipa

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February 9, 2014

TO: Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair

HEARING: Friday, Feb. 21, 2014, 11:00 AM, Conference Room 308

FROM: Jaque Kelley-Uyeoka, Deputy CEO, Hale Kipa

RE: HB1576 – Relating to Foster Care Services
Stance: SUPPORT

Dear Representatives Luke, Nishimoto and Johanson,

Thank you for allowing Hale Kipa to testify in support of this bill. Hale Kipa serves many youth who need both emergency shelter and foster care. While foster parent reimbursement rates have not been increased for the past 24 years, the price of everything that supports youth in foster care has. This, sadly, can be a deterrent to good people who want to help children but want to do it knowing that they can meet the needs of these youth who are in placement through no fault of their own.

While the State has done a tremendous job in keeping families together and placing youth in kinship homes, there is still a need for foster families (now known as resource caregivers). The State does need to continue to support these critical people in their roles as caregivers and ensure that they have both the emotional and financial support to provide for the youth. Our foster homes will continue to do what they need in the best interests of the child and certainly all of their efforts will not be compensated and that is not even being asked but clearly the message to them that they are truly valued must be met with increased compensation for their time, aloha, commitment, duties, role for the children and youth of Hawai'i and their financial support.

Thank you for your time.

Sincerely,



Jaque Kelley-Uyeoka, ACSW
Deputy CEO
Hale Kipa, Inc.



TO: Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair
Committee on Finance

HEARING: Friday, Feb. 21, 2014
11:00 AM
Conference Room 308

FROM: Linda Santos, President and CEO
Family Programs Hawai'i

RE: HB 1576 - RELATING TO FOSTER CARE SERVICES

Thank you for the opportunity to testify. Family Programs Hawai'i specializes in services related to the child welfare system. As a partner of the DHS contract, Hui Ho'omalu, FPH provides training and support to resource caregivers statewide. It Takes an Ohana, the "voice of resource caregivers," is one of Family Programs Hawai'i programs.

The state can be very proud of the reduction in the number of children in foster care which has occurred because of the implementation of new programs and best practice. The number of licensed resource caregivers has also declined, but the expectations for these dedicated families has increased.

Support for Resource Caregivers is crucial to the foster care system and the best interests of our children. Reimbursement to Resource Caregivers has not been increased in 23 years while the cost of raising children has dramatically increased. To adequately care for these children, the foster board rate must be increased. Without adequate reimbursement, it is difficult to recruit quality Resource Caregivers.

We respectfully support an increase to the reimbursement rate.



FAMILY PROGRAMS HAWAII

TO: Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair
Committee on Finance

HEARING: Friday, Feb. 21, 2014
11:00 AM
Conference Room 308

FROM: Judith Wilhoite

RE: HB 1576 - RELATING TO FOSTER CARE SERVICES

Thank you for the opportunity to testify. I am the Family Advocate for Family Program Hawaii's It Takes An 'Ohana (ITAO) program and a resource caregiver, formerly referred to as foster parent. I, along with my Advisory Committee, strongly support HB1576 and the *DHS Hawai'i Foster Care Rate Report*. We appreciate the work done by the DHS since the close of the 2013 Legislative Session to provide a background and methodology in this report. We also deeply appreciate the DHS budget request for funds to increase the foster board payments to resource families. This illustrates their resolve to better meet the needs of foster children and youth. We would like to submit the following recommendations regarding the DHS Report and the foster care reimbursement rate.

At the time the DHS study began, the 2011 USDA data was the most recent data available. We recommend that the more recently published 2012 USDA Monthly Expense be used to calculate the monthly reimbursement rate. Furthermore, the *DHS Hawai'i Foster Care Rate Report* utilizes the "Estimated annual expenditures on a child by husband-wife families, urban West, 2011". This averages the states in the Western region of the US. According to the US Department of Labor, the cost of living in Hawai'i is higher by 6.8% than the figures in the USDA Urban West category. Thus, to guarantee that the needs of children and youth that the State has taken responsibility for are met, we recommend the reimbursement rate is calculated at 106.8% of the 2012 USDA Monthly Expense. We also recommend that we utilize the 2012 USDA recommended monthly clothing allowance with average of \$69 per month for the purpose of calculating the clothing needs of foster children.

To help see how these recommendations affect the budget, they have been charted out in the tables on page 3 through 5, utilizing the format that DHS has used in the “Alternate Foster Care Board Rate Structures” proposed on pages 13 – 15 of the *Hawai‘i Foster Care Rate Report*.

- Option A shows the cost of using the 2012 USDA Monthly Expenses at 106.8% and \$69 for the monthly clothing allowance;
- Option B looks at using the 2012 USDA Monthly Expenses at 100% and \$69 for the monthly clothing allowance;
- Option C looks at using the 2012 USDA Monthly Expenses at 100% and \$50 for the monthly clothing allowance.

I thank both the Legislature and the Department for all of the time and energy as well as support expended for this issue and for this opportunity to share strong support for HB1576.

It Takes an `Ohana's Proposed Foster Care Board Rate ~ Option A

1. Meet 2012 USDA Monthly Expense by 100%, plus 6.8% increase due to cost of living higher in Hawai'i
2. Provide Clothing Allowance in alignment with average 2012 USDA Monthly Clothing Expense (\$69), with the exemption of those on Adoption Assistance (AA)

Clothing Allowance Per Month: \$69						% USDA Monthly Expense: 106.8%				
Age of Child	Type of Assist	June 2013 Number of CWS Foster Children	2012 USDA Estimate Total Monthly Expense (Urban West Area)	2012 USDA Estimate Monthly Expense, plus 6.8%	Current 2014 CWS FC Board Rate	Net Amt increased	Increased Monthly Board Rate w/o clothing	Monthly add'l clothing rate	Increased Monthly Board Rate w/ Clothing	Monthly Cost of Increased Board Rate w/ Clothing
0-5	FC	532	\$617	\$659	\$529	\$130	\$659	\$69	\$728	\$387,296
	PA	31	\$617	\$659	\$529	\$130	\$659	\$69	\$728	\$22,568
	AA	322	\$617	\$659	\$529	\$130	\$659	\$0	\$659	\$212,198
	subtotal:	885								\$622,062
6-11	FC	326	\$697	\$744	\$529	\$215	\$744	\$69	\$813	\$265,038
	PA	221	\$697	\$744	\$529	\$215	\$744	\$69	\$813	\$179,673
	AA	1498	\$697	\$744	\$529	\$215	\$744	\$0	\$744	\$1,114,512
	subtotal:	2045								\$1,559,223
12+	FC	333	\$726	\$775	\$529	\$246	\$775	\$69	\$844	\$281,052
	PA	571	\$726	\$775	\$529	\$246	\$775	\$69	\$844	\$481,924
	AA	1740	\$726	\$775	\$529	\$246	\$775	\$0	\$775	\$1,348,500
	Higher Ed	300	\$726	\$775	\$529	\$246	\$775	\$69	\$844	\$253,200
	FC to 21	135	\$726	\$775	\$529	\$246	\$775	\$69	\$844	\$113,940
	subtotal:	3079								\$2,478,616
	TOTAL:	6009								
Total Monthly:										\$4,659,901
Total Annual:										\$55,918,812
Current Annual Cost Using Current Board Rate (\$529/mo):										(\$38,145,132)
FY 2014 Clothing Budget Allowance										(\$1,469,400)

NOTE:

1. Children on Adoption Assistance (AA) do not receive clothing allowance.
2. Costs do not include Difficulty of Care payments which some foster children receive in addition to board payments.
3. Based on the 2012 USDA estimated annual expenditures on a child, Urban West (Before income tax average=\$80,940) representing Western region, consisting of Alaska, Arizona, California, Colorado, Hawai'i, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.
4. Additional 6.8% increase based on difference of 2012 US Bureau of Labor Statistics CPI - All Urban Consumers All Items for West Urban and Honolulu
5. The average daily basic rate for children 0-5 is \$23.93; for children 6-11, \$26.73; and for children 12 and over, \$27.75

It Takes an `Ohana's Proposed Foster Care Board Rate ~ Option B:

1. Meet 2012 USDA Monthly Expense by 100%
2. Provide Clothing Allowance in alignment with average 2012 USDA Monthly Clothing Expense (\$69), with the exemption of those on Adoption Assistance (AA)

Clothing Allowance Per Month: \$69					% USDA Monthly Expense: 100%				
Age of Child	Type of Assist	June 2013 Number of CWS Foster Children	2012 USDA Estimate Total Monthly Expense (Urban West Area)	Current 2014 CWS FC Board Rate	Net Amt increased	Increased Monthly Board Rate w/o clothing	Monthly add'l clothing rate	Increased Monthly Board Rate w/ Clothing	Monthly Cost of Increased Board Rate w/ Clothing
0-5	FC	532	\$617	\$529	\$88	\$617	\$69	\$686	\$364,952
	PA	31	\$617	\$529	\$88	\$617	\$69	\$686	\$21,266
	AA	322	\$617	\$529	\$88	\$617	\$0	\$617	\$198,674
	subtotal:	885							\$584,892
6-11	FC	326	\$697	\$529	\$168	\$697	\$69	\$766	\$249,716
	PA	221	\$697	\$529	\$168	\$697	\$69	\$766	\$169,286
	AA	1498	\$697	\$529	\$168	\$697	\$0	\$697	\$1,044,106
	subtotal:	2045							\$1,463,108
12+	FC	333	\$726	\$529	\$197	\$726	\$69	\$795	\$264,735
	PA	571	\$726	\$529	\$197	\$726	\$69	\$795	\$453,945
	AA	1740	\$726	\$529	\$197	\$726	\$0	\$726	\$1,263,240
	Higher Ed	300	\$726	\$529	\$197	\$726	\$69	\$795	\$238,500
	FC to 21	135	\$726	\$529	\$197	\$726	\$69	\$795	\$107,325
	subtotal:	3079							\$2,327,745
TOTAL:		6009							
Total Monthly:									\$4,375,745
Total Annual:									\$52,508,940
Current Annual Cost Using Current Board Rate (\$529/mo):									(\$38,145,132)
FY 2014 Clothing Budget Allowance									(\$1,469,400)
Add'l Funds Needed Annually for Board Rate Increase									\$12,894,408

NOTE:

1. Children on Adoption Assistance (AA) do not receive clothing allowance.
2. Costs do not include Difficulty of Care payments which some foster children receive in addition to board payments.
3. Based on the 2012 USDA estimated annual expenditures on a child, Urban West (Before income tax average=\$80,940) representing Western region, consisting of Alaska, Arizona, California, Colorado, Hawai'i, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.
4. The average daily basic rate for children 0-5 is \$22.55; for children 6-11 the rate is \$25.18; and for children 12 and over.

It Takes an `Ohana's Proposed Foster Care Board Rate ~ Option C:

1. Meet 2012 USDA Monthly Expense by 100%
2. Provide Clothing Allowance of \$50 per month, with the exemption of those on Adoption Assistance (AA)

Clothing Allowance Per Month: \$50					% USDA Monthly Expense: 100%				
Age of Child	Type of Assist	June 2013 Number of CWS Foster Children	2012 USDA Estimate Total Monthly Expense (Urban West Area)	Current 2014 CWS FC Board Rate	Net Amt increased	Increased Monthly Board Rate w/o clothing	Monthly add'l clothing rate	Increased Monthly Board Rate w/ Clothing	Monthly Cost of Increased Board Rate w/ Clothing
0-5	FC	532	\$617	\$529	\$88	\$617	\$50	\$667	\$354,844
	PA	31	\$617	\$529	\$88	\$617	\$50	\$667	\$20,677
	AA	322	\$617	\$529	\$88	\$617	\$0	\$617	\$198,674
	subtotal:	885							\$574,195
6-11	FC	326	\$697	\$529	\$168	\$697	\$50	\$747	\$243,522
	PA	221	\$697	\$529	\$168	\$697	\$50	\$747	\$165,087
	AA	1498	\$697	\$529	\$168	\$697	\$0	\$697	\$1,044,106
	subtotal:	2045							\$1,452,715
12+	FC	333	\$726	\$529	\$197	\$726	\$50	\$776	\$258,408
	PA	571	\$726	\$529	\$197	\$726	\$50	\$776	\$443,096
	AA	1740	\$726	\$529	\$197	\$726	\$0	\$726	\$1,263,240
	Higher Ed	300	\$726	\$529	\$197	\$726	\$50	\$776	\$232,800
	FC to 21	135	\$726	\$529	\$197	\$726	\$50	\$776	\$104,760
	subtotal:	3079							\$2,302,304
	TOTAL:	6009							
								Total Monthly:	\$4,329,214
								Total Annual:	\$51,950,568
								Current Annual Cost Using Current Board Rate (\$529/mo):	(\$38,145,132)
								FY 2014 Clothing Budget Allowance	(\$1,469,400)

NOTE:

1. Children on Adoption Assistance (AA) do not receive clothing allowance.
2. Costs do not include Difficulty of Care payments which some foster children receive in addition to board payments.
3. Based on the 2012 USDA estimated annual expenditures on a child, Urban West (Before income tax average=\$80,940) representing Western region, consisting of Alaska, Arizona, California, Colorado, Hawai'i, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.
4. The average daily basic rate for children 0-5 is \$22.93; for children 6-11 the rate is \$24.56; and for children 12 and over, the rate is \$25.51.



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Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting HB 1576 Relating to Foster Care
House Committee on Finance

Scheduled for Hearing Friday, February 21, 2014, 11:00 AM, Room 308

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit, 501(c)(3) organization created to advocate on behalf of low income individuals and families in Hawai'i on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

Thank you for the opportunity to testify regarding House Bill 1576. We strongly support the intent of this bill, which is to increase the amount of the payments made for the care of foster children in our state—an amount that has not been updated for nearly a quarter of a century. As described further below, it is important that a newly adopted “foster care maintenance rate” is sufficient to cover the true costs of caring for foster children, and that appropriate measures are taken to ensure that the rate is updated in the future as costs rise due to inflation.

This legislature has recently passed bills that recognize the importance of early intervention in the lives of disadvantaged children, and that resources invested early on can have a positive impact that dwarfs the effect of later-life interventions that become necessary when a more proactive approach is not taken. For the abused and neglected children that are under the state's care, it is absolutely critical that we adequately provide for their needs, and doing so will undoubtedly pay for itself with reduced problems and costs in the future.

What the Payment Must Cover

Since 1990, DHS has paid foster families \$529 per month, which is supposed to cover nearly all the costs of caring for a foster child. According to the federal law that underlies the significant federal funding our state receives for foster care, these payments must “cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation.”¹ The following more detailed list of items that must be covered, taken almost verbatim from DHS's administrative rules, provides a better sense of exactly how much foster families must pay for with the payments they receive each month.

- Food, including lunches and milk;
- Shelter, including utilities;
- Use of household furnishings and equipment;

¹ 42 U.S.C. § 675(4)(A).

- Expenses involved in household operations;
- Personal essentials, including toothbrush, soap, brush/comb, haircuts, hygienic supplies, and contact lens maintenance supplies;
- Reading and educational materials/supplies;
- Recreational and community activities for the child such as parties, picnics, movies, and excursions;
- Transportation expense for the caregiver to shop for the foster child, or deliver the child to school events, or other community and recreational activities;
- Medicine chest supplies or first aid materials such as band-aids, aspirin, cough syrup, bandages, and antiseptics;
- Allowance according to the age of the child;
- Diapers and nutritional supplements recommended by the physician for the care of infants and toddlers.²

Making the Necessary Adjustment

If the \$529 paid for the care of foster children had been adjusted for inflation since 1990, the amount of the payment would be over \$950 today. Understandably, an increase of that magnitude is a difficult pill to swallow. However, that is only because the rates have not been incrementally increased over the past 24 years. During the vast majority of those years, not enough has been paid to sufficiently care for foster children.

Currently, there is no state statute that sets the maintenance rate. DHS has had discretion over the setting of the rate, and it has been responsible for ensuring that the rate is adequate. Additionally, DHS was supposed to review the rate at least once every five years to ensure its continued adequacy. We do not know whether DHS ever conducted these reviews—in July 2013, Hawaii Appleseed submitted a public records request for information regarding the reviews, but despite repeated follow up, DHS never responded.

Since 2009 there have been bills before the legislature that have sought to increase the rate. Each time the bills were heard, foster families and support organizations testified about the difficulties posed by a rate that was too low to cover the costs of adequately caring for foster children. Up until last year, DHS opposed the bills, stating that a rate increase was not possible due to its cost.

DHS is now proposing rates that are approximately only \$50 to \$150 more than the rate adopted in 1990, and which are still grossly inadequate. For example, the proposed rates do not factor in a cost of living adjustment for Hawaii, instead relying on data from the western states, which include low-cost-of-living areas like Idaho and Utah. Even after DHS's proposed adjustment, Hawaii would remain among the lowest paying states in the nation after accounting for cost of living. Updating the old rate for inflation would not result in an overly-generous rate—in fact, it would put Hawaii near the middle of the pack among the states when adjusted for cost of living.

² Hawaii Administrative Rule § 17-1617-3(c).

Hawai'i Appleseed has a lawsuit pending against DHS on this issue to ensure that foster children are adequately cared for and that the maintenance rate is appropriately increased. We have proposed to DHS that we participate in discussions to try to reach agreement on the appropriate amount for the rates. However, DHS has rejected the idea, instead saying that they are firmly committed to the rates they have proposed. We are deeply concerned about the inadequacy of the proposed rates. To comply with federal law, and most importantly, to ensure that foster children in Hawaii are adequately cared for, it is critical that a rate is adopted that is truly sufficient to provide for the needs of the children in care.

One final note: Although the rate increase is certainly necessary, we are concerned about having the rate set by statute because it will regularly need to be adjusted according to changes in living costs—we do not want a repeat of the current situation. If a statute is ultimately used, it should not simply set a rate; it should set a methodology for determining the rate to ensure that the rate is updated in the future. One way to address the issue would be to determine an appropriate rate now that is automatically adjusted annually with changes to the CPI.

Thank you again for the opportunity to testify. We appreciate the time and attention you are putting into this important issue.



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To: **House Finance Committee, February 21, 2014**

From: **Delia Ulma, Statewide Initiative Coordinator**

Re: **Testimony in SUPPORT of HB 1576- Relating to Foster Board Rates**

Aloha,

Aloha! My name is Delia Ulma and I am a Statewide Initiative Coordinator for the Hawai'i Youth Opportunities Initiative (HYOI). We are the local site for the national Jim Casey Youth Opportunities Initiative and EPIC 'Ohana is the lead agency for this Initiative in Hawai'i. The Initiative works with systems, such as the Department of Human Services, Child Welfare, other service providers and partners within the public and private sector to create opportunities and support transitioning foster youth to successfully move into adulthood and become a contributing part of our community.

I would like to submit testimony in SUPPORT of HB 1576 to increase foster board payments to an amount commensurate with the support needed in this economy for the care of young people in foster care. For over two decades, the reimbursement rate in Hawai'i of \$529 has not been changed, with foster parents picking up the extra expenses, should there be any. I speak not only in my professional capacity, but as a former foster and now adoptive parent. Expenditures vary from diapers and formula for infants, to increased food needs, utility usage and extracurricular activities for teenagers in care. In our island economy, \$529 does not meet the growing needs of children in foster care.

The work of HYOI focuses on creating and maintaining supports for young people as they transition out of foster care and into adulthood. For many of these young people, there is very little emotional and financial support when they exit foster care. In the U.S., over 25% of young people aging out of care experience homelessness, over 77% of young women will have a child by age 24, 81% of young men will be arrested and only 3% complete a bachelor's degree. Young people may be parents trying to work and go to college, while supporting a young family on their own. The foster board allowances, which become Higher Education Board Allowances if they attend school as young adults or up to age 21 if they are in the voluntary care to 21 program, which begins on July 1, 2014, are a vital resource for them in building a successful life. An amount of \$529 is not sufficient to assist with living expenses, particularly here in Hawai'i. I humbly ask that you support these children and young people in Hawai'i and pass this bill. Mahalo nui loa.

TO: House Finance Committee
HEARING: Friday, February 21, 2014
TIME: 11:00am
RE: HB 1576, Relating to Foster Board Rates

FROM: *GERNANI YUTOB, JR., PRESIDENT, HI H.O.P.E.S*

Thank you for the opportunity to testify. My name is Gernani Yutob, Jr., and I am a former foster youth who spent four years in care in Hawai'i and emancipated when I was 18 almost six years ago. I am also the president of the O'ahu HI H.O.P.E.S. (Hawai'i Helping Our People Envision Success) youth leadership board. We are a part of the Hawai'i Youth Opportunities Initiative whose mission is to ensure that youth leaving foster care become successful adults in their communities. We work with youth and community partners to provide access to education, employment, health care, housing, family relationships, social capital and financial capability.

I would like to submit testimony in support of HB 1576 which increases the minimum monthly foster care basic board rate.

Aside from being the president of the O'ahu HI H.O.P.E.S youth leadership board, I am also a Class of 2013 graduate, with Academic Distinction, of the University of Hawaii at West O'ahu as well as a Youth Circle Facilitator with EPIC 'Ohana, Inc. where I help foster youth create plans for their futures. With success came setbacks. After graduating from Farrington High School in 2008 I was really fearful for the next journey as an adult. Transitioning from a teenager to an adult has got to be one of the most difficult phases in life. I knew that becoming an adult meant "freedom" but it also meant responsibilities. One of those responsibilities was finding a place to rent for \$529 a month, which is the current rate of monthly board payments former foster youth receive while attending college. When my foster mother calculated the costs of renting a room along with other expenses such as utilities, groceries, and other expenses, that's when reality really hit me. \$529 was not going to be enough to cover all those costs for a month, but she accepted it anyway and used it to pay for my rent, utilities, and groceries! While that money went to pay for my room and board, I struggled during college from the lack of financial support. The scholarships that I was receiving was not enough to cover school-related expenses and other necessities such as clothes, toiletries, etc. Finding a part-time job was difficult as well. I was just grateful to have a place to stay even when it was no longer their legal obligation to take care of me because they wanted the best for me and allowed me to continue living with them even till this day. Because of that, I was able to do well in college and graduate with my Bachelor's degree in approximately four-and-half years which eventually landed me a job at EPIC one month after graduation!

The cost of living in Hawai'i is really expensive and makes it nearly impossible to find suitable housing, let alone pay for groceries and other necessities with a measly \$529 check. Did you know only three percent of foster youth who aged out at 18 obtain a four-year degree by the age of 25? Without adequate shelter, success is very limited. Surviving would be the top priority while school will mostly likely be the least. Fortunately for me I was able to continue living with my foster parents after high school even if they were not legally obligated to do so. Other youth are not presented this opportunity. Most of them do not want to continue living with their

foster parents because they want to or have to move out or because of other reasons. Managing school, work, and personal life is a challenging task that college students face, but that challenge is certainly magnified with the foster youth population. I am humbly asking for the increase of monthly foster board payments so that youth transitioning from care can become successful adults.

Mahalo for this opportunity to testify in strong support of HB 1576.



To: House Finance Committee, February 21, 2014

From: Noy Worachit, HI H.O.P.E.S. Youth Leadership Board (Oahu)

Re: Testimony in SUPPORT of HB 1576- Relating to Foster Care Services

Aloha,

My name is Noy Worachit and I am 20 years old. I emancipated from foster care at the age of 18.5 after having spent 6 years in foster care. I am also the vice-president of the O'ahu HI H.O.P.E.S. (Hawai'i Helping Our People Envision Success) youth leadership board. We are the local site for the Jim Casey Youth Opportunities Initiative and belong to the Hawaii Youth Opportunities Initiative whose mission is to ensure that youth leaving foster care become successful adults in their communities. We work with youth and community partners to provide access to education, employment, health care, housing, family relationships, social capital and financial capability.

I would like to submit testimony in support of HB 1576 which increases the minimum monthly foster care basic board rate.

Young people that have aged out of foster care are eligible for the DHS Higher Education benefit of \$529 a month if they pursue a higher education. We are expected to attend school on a full-time basis and are allowed two-part time semesters, we must maintain a GPA of 2.0 and are eligible until the age of 27 or 60 months, whichever comes first. This benefit is used to cover monthly room and board expenses.

For the past three years, I have attended school full-time and worked part-time with EPIC Ohana with the exception of two-part time semesters when I became pregnant and gave birth to my son, respectively. As a mother of 2 young children, I find it extremely challenging to make ends meet while attending school full-time and only working on a part-time basis. Even with the higher education benefit, scholarships and grants, I still have to take out loans to make it through the semester to pay for books and materials, rent, utilities, food, child care expenses and needs like diapers.

For the first time this semester, I have taken a break from school to just work. I had to make the hard decision of putting my hopes and dream of earning a degree on hold to earn money so my children and I can afford to have a roof over our head, food to eat and the things we need. I don't want my children to have to worry about if our electricity is going to be turned off this month or if mommy is going to have enough money for our field trip.

At least 71% of young women who age out of foster care have children by the age of 21. And our children are twice as likely to enter the foster care system. By raising the board rate, it will give us the support we so badly need to pursue an education to compete in the real world. And just as equally important, we need the support to adequately care for our children so they do not perpetuate this vicious cycle of being involved in the child welfare system.

I humbly ask that HB 1576 be passed into law. Thank you.



finance1

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 19, 2014 7:44 AM
To: FINTestimony
Cc: carl.campagna@kamakagreen.com
Subject: Submitted testimony for HB1576 on Feb 21, 2014 11:00AM

HB1576

Submitted on: 2/19/2014

Testimony for FIN on Feb 21, 2014 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Carl	Individual	Support	No

Comments: Aloha House Reps, I strongly support this bill. My wife and I are founders of Olomea, Inc, a non-profit dedicated to supporting foster children upon aging out of the systems as well as setting up and running the Heart Gallery for Hawaii. We are also members of the Keiki Caucus and Licensed Resource Care Givers and have seen firsthand the costs associated with the important and necessary care and support of all our keiki. Mahalo for your consideration.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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finance8-Danyl

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 20, 2014 7:50 AM
To: FINTestimony
Cc: anahakirecords@gmail.com
Subject: *Submitted testimony for HB1576 on Feb 21, 2014 11:00AM*

HB1576

Submitted on: 2/20/2014

Testimony for FIN on Feb 21, 2014 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kanohowailuku	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Kevin D. Dayton
90 S. Wilder Road
Hilo, Hawaii 96720

Feb. 21, 2014

RE: House Bill 1576 HD1, RELATING TO FOSTER CARE SERVICES

Aloha, Chair Luke and members of the House Finance Committee. Thank you for allowing me to submit these comments in favor of House Bill 1576 HD1, which instructs the state Department of Human Services to increase state payments to support children in foster care in Hawaii. I would also like to support the testimony of others who point out that using the recently published 2012 USDA Monthly Expense data is a more reasonable and fair method of calculating an appropriate reimbursement rate for our foster families.

We all recognize that our children are our most valuable resource, and safeguarding the well-being of our children today prepares Hawaii for a better future. Properly caring for our foster children is particularly important because these children are especially vulnerable. Many are victims of abuse or neglect, which can put them at high risk for many problems as they reach adolescence and adulthood. Intervening early and effectively in their lives is critical.

Foster parents are one of the primary tools available to the state to help these children. These children often arrive at our homes in times of crisis. We show them what a safe and stable home looks like, which is something some of them have never seen before. We model healthy adult relationships, provide structure and order in their lives, teach them good habits to help prepare them for work and school, and give them hope for a better future for themselves. Most importantly, we give them love. People become foster parents because they love children, and because they want to help children.

Even the state now acknowledges that Hawaii's foster board payments do not cover the actual cost of caring for these children. In effect, the state is requiring that volunteer foster parents reach into their own pockets each month to pay to support children who are the responsibility of the state. The state has frozen reimbursements for foster parents for the past 24 years, yet prices dramatically increased during the last two decades for food, diapers, toys, preschool, rent, electricity, school supplies and all of the many items that our families must purchase for these children every day. The foster board reimbursement today is about \$17 per day, which cannot possibly cover the cost of housing, feeding and caring for a child. This puts extra pressure on foster families, and has forced many of us to reassess whether serving as foster parents is in the best interests of our own families.

Please also consider that foster children often require extraordinary investments of attention and time, which can make foster parenting a 24-hour job. Some foster children are drug-exposed or come to us with emotional disorders that require therapy. Foster children often need very intensive supervision to keep them safe. Foster parents often must navigate the complexities of public school special education programs on behalf of these children, and teenagers placed in our care may need to participate in drug treatment or have Family Court hearings.

The Department of Human Services is also making ever-increasing demands on our volunteer foster families. Today the department often asks foster parents to have more frequent contact with birth parents to assist with visitation and help the birth families prepare for reunification. Last year the state also established new mandatory, ongoing training for licensed foster families. While I agree with both of these DHS initiatives, they are examples of the state asking for more and more, while providing less and less financial support to our foster families.

The state has made progress in recent years in recruiting and training caring, capable foster parents so that foster children will have stable, safe places to stay in times of crisis. However, we know that recruitment of foster families has become much more challenging, and retention of foster families becomes more difficult when foster board payments do not cover the cost of caring for these children.

Experienced foster parents have skills that are critical for the welfare of foster children, and it is extremely important that we retain them. Veteran foster parents have helped guide children through feelings of abandonment and crisis, and learned to watch for signs of still-undetected sexual or other abuse. They have learned to navigate the state system to help connect their foster children with the services they need. These foster parents have coped with child-raising challenges that most parents never experience, and these dedicated foster parents make an enormous contribution to our community.

We respectfully ask that you approve House Bill 1576 to increase foster board payments and provide foster parents with the financial support they need to continue this important work for the state. Thank you for your consideration.

Kevin Dayton

Hilo foster parent

(808) 960-5007

finance8-Danyl

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 20, 2014 6:20 AM
To: FINTestimony
Cc: toolohana@hawaiiantel.net
Subject: Submitted testimony for HB1576 on Feb 21, 2014 11:00AM

HB1576

Submitted on: 2/20/2014

Testimony for FIN on Feb 21, 2014 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Laurence Tool	Individual	Support	No

Comments: Aloha Committee Members. I support this bill. Hawaii is famous for taking good care of its children. It is only fair that those who provide this care be guaranteed adequate compensation. Please pass this bill. Thank you.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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TO: Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair
Committee on Finance

HEARING: Friday, Feb. 21, 2014
11:00 AM
Conference Room 308

FROM: Norman Wilhoite

RE: HB 1576 - RELATING TO FOSTER CARE SERVICES

Thank you for the opportunity to testify. I strongly support HB1576.

Although we do not presently have any foster children in our home, we have fostered a few over the past 20 years.

Since that time the board reimbursement has remained the same. For one of our younger foster boys whom we had in day care, the board payment barely covered those costs alone, not to mention food and other expenses.

Most foster families can't afford to subsidize these expenses as we were fortunate to. Nor is it fair or proper to play on the sympathy and goodwill of these families to finance the states responsibilities. If you want good resource families you need to give them the necessary support to provide properly for these children.

Surely we can find a way to support our most vulnerable in society after 20 years of stagnation.

Mahalo for this opportunity to testify in strong support of HB1576.

TESTIMONY OF RAINE M.A. ARNDT IN STRONG SUPPORT OF HB 1576

To: Chair Sylvia Luke, Vice Chairs Scott Nishimoto and Aaron Ling Johanson, and Members of the House Committee on Finance

Hearing Date: Friday, February 21, 2014, 11:00am, Room 308

LATE

To the Honorable Chair, Vice Chairs, and Members of the House Committee on Finance:

I am a licensed clinical social worker who has worked exclusively in the non-profit and governmental sectors locally here in Hawai'i for the past 6 years. I am also a current student at the University of Hawai'i at Mānoa William S. Richardson School of Law and a volunteer guardian ad litem with the Family Court's Court-Appointed Special Advocates (CASA) Program. I strongly support **HB 1576** for its appropriation of funding for an increase in child foster care maintenance payments (i.e. "board rates") after 24 years of no rate adjustment.

The child foster care maintenance payments are meant to provide our foster resource caregivers with the necessary financial reimbursement for their provision of basic needs and vital support to some of our most vulnerable members of our society, our abused and neglected children. It is indisputably necessary that we make necessary increases to the child foster care maintenance payments, which has been reflected in the sentiment of previous testimony on this bill thus far.

However, I do have serious reservations about the proposed payment rate increases, as outlined in previous testimony by the Department of Human Services. The rates, as proposed, remain grossly inadequate. A thorough discussion about and investigation into the proposed rates is needed to identify the inadequacies therein, and to identify accurately calculated rates which should be enacted under this bill.

Let us not take this very vital step forward in addressing the long-standing need for a child foster care maintenance payment rate increase, only to promote the perpetuation of substandard and federally noncompliant rates. Let us work to get this right for our foster children and the families that step forward to support and care for abused and neglected children in our community's greatest times of need.

Raine M.A. Arndt, LCSW

J.D. Candidate-- University of Hawai'i at Mānoa William S. Richardson School of Law
raine@hawaii.edu / rainearndt@gmail.com

February 19, 2014

LATE

TO: Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair
Committee on Finance

HEARING: Friday, Feb. 21, 2014
11:00 AM
Conference Room 308

FROM: Lucy Feinberg

RE: HB 1576 - RELATING TO FOSTER CARE SERVICES

Thank you for the opportunity to testify. My name is Lucy Feinberg and I strongly support HB1576.

I strongly support this bill because Hawaii has had the same foster care rate for the past 24 years and the amount of the rate does not come close to covering the real costs involved in supporting a child even on a temporary basis. We don't want a constant drain on the number of qualified families as families receive good training but then drop out after realizing that they don't have the funds to adequately support the child in their care. If the rate is increased, that will positively affect retention.

I have been involved in the child welfare system for over 20 years as a professional social worker and administrator and I know first-hand the struggles of foster parents. It is time to move the State of Hawaii forward in this critical area of child welfare.

Mahalo for this opportunity to testify in strong support of HB1576.

TO: Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair
Committee on Finance

LATE

HEARING: Friday, Feb. 21, 2014
11:00 AM
Conference Room 308

FROM: Mary Chiyomi Chow

RE: HB1576 – Relating to Foster Care Services

Thank you for the opportunity to testify. I strongly support this bill.

As an adoptive parent, who previously provided foster care, I can tell you that providing foster care is not an easy calling. It takes lots of patience, adjusting of parenting strategies, time and energy, willingness to work with others on the team, and unconditional love.

Resource families already give enough to the children that they open their homes to. They should not have to give of their finances too. We all know that the cost of caring for a child has gone up in the last 24 years, so the foster board rate should reflect that increase.

I am thankful that the Department of Human Services has written their Hawai'i Foster Care Rate Report, which shows the need for an increase. I would like to add that I believe that the foster board rate should reflect the 2012 USDA Estimated Annual Expenditures, instead of the information from 2011. The clothing cost should also reflect the amount provided by the 2012 USDA report, which averages to \$69 per month.

Also, the information that DHS used in their report did not take into account the higher cost of living in Hawaii as compared to the Urban West US. In 2012, the Consumer Price Index (CPI) for the West Urban area was 232.376, and in Honolulu it was 249.474. This 6.8% difference should be calculated into the foster board rate, as well.

Please consider It Takes an `Ohana's three proposed board rate increases which are in similar format with DHS's report.

Again, I strongly support this bill and urge you to increase the foster board reimbursement rate. As custodians of the children in foster care, the State should pay 100% of the children's financial needs.

Sincerely,

Mary Chiyomi Chow



81 MARKET ST.
WAILUKU, HI. 96793
PHONE: 244-2330 FAX: 244-2254

LATE

Maui Family Peace Center
Maui Intensive Support Services
Lanai Integrated Support Services
Ulupono Family Strengthening

FACSIMILE COVERSHEET

TO: Rep. Sylvia Luke, Chair FROM: Lucy Feinberg
FAX: 1-808-535-3859 # PAGE: 2 (incl cover sheet)
PHONE: _____ DATE: Feb 20, 2014
RE: Testimony Letter CC: _____

☐ Urgent ☐ As Requested ☐ For Review ☐ Please Comment ☐ Please Reply

Comments:

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February 19, 2014

TO: Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair
Committee on Finance

HEARING: Friday, Feb. 21, 2014
11:00 AM
Conference Room 308

FROM: Lucy Feinberg

RE: HB 1576 - RELATING TO FOSTER CARE SERVICES

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I have been involved in the child welfare system for over 20 years as a professional social worker and administrator and I know first-hand the struggles of foster parents. It is time to move the State of Hawaii forward in this critical area of child welfare.

Mahalo for this opportunity to testify in strong support of HB1576.