

VICTOR GEMINIANI 4354  
GAVIN THORNTON 7922  
HAWAII APPLESEED CENTER FOR  
LAW AND ECONOMIC JUSTICE  
119 Merchant Street, Suite 605  
Honolulu, Hawai`i 96813  
Telephone: (808) 587-7605  
Email: victor@hiappleseed.org  
gavin@hiappleseed.org

PAUL ALSTON 1126  
J. BLAINE ROGERS 8606  
CLAIRE WONG BLACK 9645  
ALSTON, HUNT, FLOYD & ING  
1001 Bishop Street, Suite 1800  
Honolulu, Hawai`i 96813  
Telephone: (808) 524-1800  
Facsimile: (808) 524-4591  
Email: palston@afhi.com  
brogers@ahfi.com  
cblack@ahfi.com

ALAN COPE JOHNSTON *Pro Hac Vice*  
JOSEPH K. KANADA *Pro Hac Vice*  
MORRISON & FOERSTER LLP  
755 Page Mill Road  
Palo Alto, California 94304  
Telephone: (650) 813-4262  
Facsimile: (650) 494-0792  
Email: acjohnston@mofa.com  
jkanada@mofa.com

Attorneys for Plaintiff

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF HAWAII

PATRICIA SHEEHEY, PATRICK SHEEHEY, RAYNETTE AH CHONG, individually and on behalf of the class of licensed foster care providers residing in the state of Hawai`i;

Plaintiffs,

vs.

RACHAEL WONG, in her official capacity as the Director of the Hawai`i Department of Human Services,

Defendant.

Case No. CV13-00663 LEK-KSC

**PLAINTIFFS' CONCISE STATEMENT OF MATERIAL FACTS; CERTIFICATE OF COMPLIANCE WITH WORD LIMITATION; DECLARATION OF CLAIRE WONG BLACK; EXHIBITS "1"- "21"**

Judge: Hon. Leslie E. Kobayashi

**PLAINTIFFS' CONCISE STATEMENT OF MATERIAL FACTS**

Plaintiffs submit this Concise Statement of Material Facts pursuant to FRCP 56(a) and LR56.1.

<b>MATERIAL FACT</b>	<b>EVIDENTIARY SUPPORT</b>
1. Hawaii's \$529 foster board rate was insufficient due to the high cost of living in Hawai`i and increased costs associated with raising a child.	Ex. 18 at SOH08436; Ex. 2 at SOH05446

<b>MATERIAL FACT</b>	<b>EVIDENTIARY SUPPORT</b>
2. In 2009, Hawaii’s House of Representatives requested that HDHS determine the feasibility of linking board payment increases to various inflation index measures such as the Consumer Price Index.	Ex. 2, SOH05446
3. In 2009 and 2011, HDHS opposed legislative measures to increase the monthly foster care maintenance payment.	Ex. 3; Ex. 4
4. In 2014, HDHS increased its foster board rate, effective July 1, 2014.	Ex. 6, SOH04029
5. Hawaii based its 2014 foster board rates on an age-tiered system indexed to costs contained the USDA’s 2011 annual report on Expenditures on Children by Families.	Ex. 6, SOH04030
6. The foster board rates comprise food, housing and miscellaneous expense costs.	Ex. 7, 30(b)(6) Tr.:33:4-36:5
7. HDHS excluded USDA cost categories other than food, housing and miscellaneous expenses because it claims that those costs were covered by other types of benefits made available by HDHS.	Ex. 7, 30(b)(6) Tr.:41:23-48:17; 99:17-100:20; Ex. 8
8. Not all types of benefits that HDHS makes available to Hawai`i foster parents correspond to the costs enumerated under the Child Welfare Act (CWA).	Ex. 9 at 3-7, Response 1 (listing categories of additional benefits); Ex. 10 at 5-24.
9. None of the additional benefits that HDHS makes available to Hawai`i foster parents cover the cost of school supplies.	Ex. 9; Ex. 10
10. Some of the additional benefits that HDHS makes available to Hawai`i foster parents are subject to eligibility requirements and availability of funds.	Ex. 10 at 5-24.
11. Not all foster families receive the additional benefits that HDHS makes available to Hawai`i foster parents.	Ex. 11 at 8.
12. Hawaii based its 2014 foster board rates on costs	Ex. 1 at 9; Ex. 7 at

<b>MATERIAL FACT</b>	<b>EVIDENTIARY SUPPORT</b>
contained the USDA’s annual report on Expenditures on Children by Families for Urban West states.	Tr.:41:23-43:12; Ex. 6 at SOH04030; Ex. 8; Ex. 14 at 28; Ex. 16 at SOH11435
13. Dr. Susan Chandler raised concerns regarding whether the USDA Urban West figures were appropriate for use in Hawai`i because of Hawaii’s high cost of living.	Ex. 12 at Tr.:20:19-22:18
14. HDHS directed Dr. Chandler to not include the possibility of a cost of living increase in subsequent drafts of the foster board rate report.	Ex. 12 at Tr.:22:12 - 18
15. HDHS’s foster board rate used 2011 USDA data and did not account for inflation from 2011 to 2014.	Ex. 7 at Tr.:33:4 - 40:8, 50:22 - 51:5
16. HDHS used 2011 USDA data even though 2012 costs were available.	Ex. 15 at SOH05233 – 34
17. HDHS calculated the 2014 foster board rate increase using USDA expenditures for three categories of costs: housing, food, and miscellaneous expenses.	Ex. 7 at Tr.:93:13 - 97:10; Ex. 16 at SOH11436
18. Dr. Chandler’s final foster rate report recommended a foster board rate increase based on 95% of 2011 USDA costs for food, housing, and miscellaneous expenses.	Ex. 18 at SOH08435; Ex. 12 at Tr.:42:23 - 25; Ex. 19 at SOH11558
19. Many foster parents do not apply for the additional benefits HDHS makes available, are not aware of those benefits, or are not eligible for them.	Ex. 20 at SOH03970; Ex. 11
20. The cost of goods and services is higher in Hawai`i than other USDA Urban West states.	Ex. 13; Ex. 21

Dated: August 7, 2015

Respectfully submitted,

By: /s/ Claire Wong Black  
VICTOR GEMINIANI  
GAVIN THORNTON  
PAUL ALSTON  
J. BLAINE ROGERS  
CLAIRE WONG BLACK  
ALAN COPE JOHNSTON  
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PATRICIA SHEEHEY, PATRICK  
SHEEHEY, RAYNETTE AH CHONG,  
individually and on behalf of the class  
of licensed foster care providers residing  
in the state of Hawai`i;

Plaintiffs,

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RACHAEL WONG, in her official  
capacity as the Director of the Hawai`i  
Department of Human Services,

Defendant.

Case No. CV13-00663 LEK-KSC

**CERTIFICATE OF COMPLIANCE  
WITH WORD LIMITATION**

**CERTIFICATE OF COMPLIANCE WITH WORD LIMITATION**

Pursuant to Local Rule 7.5, I hereby certify that the foregoing *Concise Statement of Material Facts* contains 599 words, exclusive of case caption and signature block.

Dated: August 7, 2015

Respectfully submitted,

By: /s/ Claire Wong Black  
VICTOR GEMINIANI  
GAVIN THORNTON  
PAUL ALSTON  
J. BLAINE ROGERS  
CLAIRE WONG BLACK  
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Attorneys for Plaintiffs

UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF HAWAII

PATRICIA SHEEHEY, PATRICK SHEEHEY, RAYNETTE AH CHONG, individually and on behalf of the class of licensed foster care providers residing in the state of Hawai`i;

Plaintiffs,

vs.

RACHAEL WONG, in her official capacity as the Director of the Hawai`i Department of Human Services,

Defendant.

Case No. 13-cv-00663-LEK-KSC

**DECLARATION OF CLAIRE WONG BLACK**

**DECLARATION OF CLAIRE WONG BLACK**

I, Claire Wong Black, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am an attorney licensed to practice before all courts in the State of Hawai`i and am one of the attorneys of record for Plaintiffs in this action. I make this Declaration in support of Plaintiffs' Motion for Summary Judgment.

2. Attached as Exhibit "1" is a true and accurate copy of the legislative testimony of HDHS Director Patricia McManaman, dated January 30, 2014, and attachment referenced as "Hawaii Foster Care Rate Report."



3. Attached as Exhibit “2” is a true and accurate copy of 2009 House Resolutions, produced in this litigation by Defendant as SOH05446-5453.

4. Attached as Exhibit “3” is a true and accurate copy of legislative testimony of HDHS Director Lilian B. Koller, dated February 27, 2009 and March 16, 2009, produced by Defendant in this litigation as SOH05000-5003.

5. Attached as Exhibit “4” is a true and accurate copy of legislative testimony of HDHS Interim Director Patricia McManaman, dated February 3, 2011.

6. Attached as Exhibit “5” is a true and accurate copy of legislative testimony of HDHS Director Patricia McManaman, dated March 12, 2013.

7. Attached as Exhibit “6” is a true and accurate copy of a press release by HDHS dated July 23, 2014, produced in this litigation by Defendant as SOH04029-4031.

8. Attached as Exhibit “7” is a true and accurate copy of excerpts from the Deposition of Defendant pursuant to Fed. R. Civ. P. 30(b)(6), Lisa Nakao, designee for certain topics, taken on June 19, 2015.

9. Attached as Exhibit “8” is a true and accurate copy of a document entitled *Hawaii CWS Foster Care Board Rate Projections*, produced by

Defendant's 30(b)(6) designee, Lisa Nakao, at the June 19, 2015 deposition and authenticated at Tr.:41:23-42:16 of Exhibit 7 hereto.

10. Attached as Exhibit 9 is a true and correct copy of Defendant's First Response to Plaintiffs' First Set of Interrogatories, dated June 27, 2014.

11. Attached as Exhibit "10" is a true and accurate copy of Defendant's First Supplemental Response to Plaintiffs' First Set of Interrogatories, dated May 6, 2015.

12. Attached as Exhibit "11" is a true and correct copy of Defendant's First Supplemental Response to Plaintiffs' Second Set of Interrogatories, dated May 7, 2015.

13. Attached as Exhibit "12" is a true and accurate copy of excerpts from the deposition of Susan M. Chandler, Ph.D., taken on June 5, 2015.

14. Attached as Exhibit "13" is a true and accurate copy of an email chain dated August 28, 2013 from Ricky Higashide to Dr. Susan Chandler attaching data from The State of Hawaii Data Book 2012, produced by Defendant in this litigation as SOH07994-8032.

15. Attached as Exhibit "14" is a true and correct copy of the USDA Expenditures on Children by Families, 2011.

16. Attached as Exhibit “15” is a true and correct copy of emails from Patricia McManaman dated December 22, 2013, produced by Defendant in this litigation as SOH05233-5234.

17. Attached as Exhibit “16” is a true and correct copy of an email chain dated October 4, 2013 from Lisa Nakao to Mona Maehara, produced by Defendant in this litigation as SOH11435-11440.

18. Attached as Exhibit “17” is a true and correct copy of an email dated October 4, 2013, from Mona Maehara to Susan Chandler, produced by Defendant in this litigation as SOH05895-5899.

19. Attached as Exhibit “18” is a true and correct copy of a report entitled *Foster Care Maintenance Payment Analysis for Hawai`i*, dated December 2013, produced by Defendant in this litigation as SOH08435-8462.

20. Attached as Exhibit “19” is a true and correct copy of an email dated January 12, 2014 from Barbara Yamashita to Lisa Nakao and Susan Chandler, produced by Defendant in this litigation as SOH11558-11562.

21. Attached as Exhibit “20” is a true and correct copy of a report entitled *Foster Board Rate Analysis for Hawai`i*, dated September 2013, produced by Defendant in this litigation as SOH03968-3988.

22. Attached as Exhibit “21” is a true a correct copy of an excerpt from The State of Hawaii Data Book 2013 entitled *Table 14.02 – Regional Price*

*Parities (RPPs), All Items, By State, And for Hawaii, By Component: 2008 to 2012* and available at the State of Hawai`i Department of Business, Economic Development & Tourism Research and Economic Analysis website at <http://dbedt.hawaii.gov/economic/databook/db2013/>.

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Honolulu, Hawai`i, on this 7th day of August 2015.

/s/ Claire Wong Black  
CLAIRE WONG BLACK

NEIL ABERCROMBIE  
GOVERNOR



PATRICIA McMANAMAN  
DIRECTOR

BARBARA YAMASHITA  
DEPUTY DIRECTOR

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

January 30, 2014

TO: The Honorable Mele Carroll, Chair  
House Committee on Human Services

FROM: Patricia McManaman, Director

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

Hearing: Thursday, January 30, 2014, 10:00 am  
Conference Room 329, State Capitol

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

**DEPARTMENT'S POSITION:** The Department of Human Services strongly supports this bill to increase foster 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 the United States Department of Agriculture's Expenditures on Children by Families Report. (Please see attached Hawaii

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**EXHIBIT 1**

Foster Care Rate Report for detailed information.) The Governor's Supplemental Executive Budget includes the Department's requested funding for the increase in foster care board payments.

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.<sup>1</sup>

## **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

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<sup>1</sup> 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**

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. 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.) DeVoogth 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)**

<b>Age of Child</b>	<b>Housing</b>	<b>Food</b>	<b>Misc.</b>	<b>Total Annual Expense</b>	<b>Total Monthly Expense</b>
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.<sup>2</sup> 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

<sup>2</sup> 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.<sup>3</sup> 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.).<sup>4</sup> 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.<sup>5</sup> 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.

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<sup>3</sup> Ibid. p.2

<sup>4</sup> Ibid. p.2.

<sup>5</sup> 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).

<b>Age of Child</b>	<b>Type of Assistance*</b>	<b>Current 2013 Hawaii CWS Monthly Foster Care Rate</b>	<b>June 2013 Number of CWS Foster Children</b>	<b>Monthly Cost of Current Foster Care Board Rate**</b>
0 – 5	FC	\$529	532	\$281,428
	PA	\$529	31	\$16,399
	AA	\$529	322	\$170,338
	<b>subtotal:</b>		885	\$468,165
6 – 11	FC	\$529	326	\$172,454
	PA	\$529	221	\$116,909
	AA	\$529	1,498	\$792,442
	<b>subtotal:</b>		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
	<b>subtotal:</b>		3,079	\$1,628,791
<b>Total Monthly Cost:</b>				\$3,178,761
<b>Total Annual Cost:</b>				\$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)<sup>6</sup> payments that a foster child may also receive in addition to their basic foster care board rate.

<sup>6</sup> 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	
<b>TOTAL:</b>		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	
	<b>subtotal:</b>	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	
	<b>subtotal:</b>	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	
	<b>subtotal:</b>	3,079							\$2,148,354	
<b>TOTAL:</b>		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	
<b>TOTAL:</b>		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.

HOUSE OF REPRESENTATIVES  
TWENTY-FIFTH LEGISLATURE, 2009  
STATE OF HAWAII

H.R. NO. 209

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# HOUSE RESOLUTION

REQUESTING THE DEPARTMENT OF HUMAN SERVICES TO DETERMINE THE  
FEASIBILITY OF INCREASING THE BOARD PAYMENT RATE FOR FOSTER  
BOARDING HOME PARENTS, GROUP HOMES, AND CHILD CARING  
INSTITUTIONS.

1 WHEREAS, the current board payment rate for foster boarding  
2 home parents, group homes, and child caring institutions in  
3 Hawaii was last set in 1990 and has not been adjusted even as  
4 the total rate of inflation since then has risen sixty-six per  
5 cent; and

6  
7 WHEREAS, the current monthly board payment rate of \$529 for  
8 each child regardless of age is insufficient to raise a child  
9 because costs for food, housing, utilities, clothing, and other  
10 necessities have increased; and

11  
12 WHEREAS, a 2007 report published by the University of  
13 Maryland's School of Social Work concluded that most states,  
14 including Hawaii, pay foster parents far less than what middle  
15 income families customarily spend to raise their children; and

16  
17 WHEREAS, the University of Maryland report further  
18 indicated that Hawaii's standard foster board payment rate,  
19 undifferentiated by age, is lower by nineteen per cent, thirty-  
20 six per cent, and forty-nine per cent than the minimum adequate  
21 rate for children advocated by the Foster Parent Association for  
22 children aged two, nine, and sixteen, respectively; and

23  
24 WHEREAS, Hawaii continues to experience a shortage of  
25 families willing and able to provide foster care for the  
26 approximately seventeen hundred children requiring foster care  
27 in the State; and

28  
29 WHEREAS, the low standard foster board payment rate,  
30 undifferentiated by age, for providing foster care has made it  
31 difficult to attract and retain foster parents; and  
32

HR LRB 09-2936.doc



1 WHEREAS, Hawaii's reimbursement from the federal government  
2 for foster care payments under Title IV-E of the Social Security  
3 Act with regard to the Adoption Assistance Program has not been  
4 maximized and represents an underutilized resource; now,  
5 therefore,  
6

7 BE IT RESOLVED by the House of Representatives of the  
8 Twenty-fifth Legislature of the State of Hawaii, Regular Session  
9 of 2009, that the Director of Human Services is requested to  
10 determine the feasibility of gradually increasing the board  
11 payment rate for foster boarding home parents, group homes, and  
12 child caring institutions in the State over a period of five  
13 years; and  
14

15 BE IT FURTHER RESOLVED that the Director of Human Services,  
16 in determining the feasibility of increasing the board payment  
17 rate, is requested to consider establishing a scaled schedule of  
18 board payment rates that take into account varying levels of  
19 difficulty in providing care to foster children of different  
20 ages within the following age ranges:  
21

- 22 (1) From birth to age five;  
23  
24 (2) From age six to age twelve; and  
25  
26 (3) From age thirteen to time of termination from foster  
27 care; and  
28

29 BE IT FURTHER RESOLVED that the Director of Human Services  
30 is also requested to determine the feasibility of linking future  
31 board payment rate increases to various inflation index  
32 measures, such as the Consumer Price Index; and  
33

34 BE IT FURTHER RESOLVED that the Director of Human Services  
35 is further requested to submit findings and recommendations  
36 regarding board payment rate increases, including any necessary  
37 proposed legislation, to this body no later than November 1,  
38 2009; and  
39



H.R. NO. 209

1 BE IT FURTHER RESOLVED that a certified copy of this  
2 Resolution be transmitted to the Director of Human Services.  
3  
4  
5



OFFERED BY: Mele Carroll

John M. [Signature]  
Tom Brown

May Stee

MAR 18 2009





HOUSE OF REPRESENTATIVES  
TWENTY-FIFTH LEGISLATURE, 2009  
STATE OF HAWAII

H.C.R. NO. 240

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# HOUSE CONCURRENT RESOLUTION

REQUESTING THE DEPARTMENT OF HUMAN SERVICES TO DETERMINE THE  
FEASIBILITY OF INCREASING THE BOARD PAYMENT RATE FOR FOSTER  
BOARDING HOME PARENTS, GROUP HOMES, AND CHILD CARING  
INSTITUTIONS.

1           WHEREAS, the current board payment rate for foster boarding  
2 home parents, group homes, and child caring institutions in  
3 Hawaii was last set in 1990 and has not been adjusted even as  
4 the total rate of inflation since then has risen sixty-six per  
5 cent; and

6  
7           WHEREAS, the current monthly board payment rate of \$529 for  
8 each child regardless of age is insufficient to raise a child  
9 because costs for food, housing, utilities, clothing, and other  
10 necessities have increased; and

11  
12           WHEREAS, a 2007 report published by the University of  
13 Maryland's School of Social Work concluded that most states,  
14 including Hawaii, pay foster parents far less than what middle  
15 income families customarily spend to raise their children; and

16  
17           WHEREAS, the University of Maryland report further  
18 indicated that Hawaii's standard foster board payment rate,  
19 undifferentiated by age, is lower by nineteen per cent, thirty-  
20 six per cent, and forty-nine per cent than the minimum adequate  
21 rate for children advocated by the Foster Parent Association for  
22 children aged two, nine, and sixteen, respectively; and

23  
24           WHEREAS, Hawaii continues to experience a shortage of  
25 families willing and able to provide foster care for the  
26 approximately seventeen hundred children requiring foster care  
27 in the State; and  
28



1 WHEREAS, the low standard foster board payment rate,  
2 undifferentiated by age, for providing foster care has made it  
3 difficult to attract and retain foster parents; and

4  
5 WHEREAS, Hawaii's reimbursement from the federal government  
6 for foster care payments under Title IV-E of the Social Security  
7 Act with regard to the Adoption Assistance Program has not been  
8 maximized and represents an underutilized resource; now,  
9 therefore,

10  
11 BE IT RESOLVED by the House of Representatives of the  
12 Twenty-fifth Legislature of the State of Hawaii, Regular Session  
13 of 2009, the Senate concurring, that the Director of Human  
14 Services is requested to determine the feasibility of gradually  
15 increasing the board payment rate for foster boarding home  
16 parents, group homes, and child caring institutions in the State  
17 over a period of five years; and

18  
19 BE IT FURTHER RESOLVED that the Director of Human Services,  
20 in determining the feasibility of increasing the board payment  
21 rate, is requested to consider establishing a scaled schedule of  
22 board payment rates that take into account varying levels of  
23 difficulty in providing care to foster children of different  
24 ages within the following age ranges:

25  
26 (1) From birth to age five;

27  
28 (2) From age six to age twelve; and

29  
30 (3) From age thirteen to time of termination from foster  
31 care; and

32  
33 BE IT FURTHER RESOLVED that the Director of Human Services  
34 is also requested to determine the feasibility of linking future  
35 board payment rate increases to various inflation index  
36 measures, such as the Consumer Price Index; and

37  
38 BE IT FURTHER RESOLVED that the Director of Human Services  
39 is further requested to submit findings and recommendations  
40 regarding board payment rate increases, including any necessary  
41 proposed legislation, to the Legislature no later than November  
42 1, 2009; and  
43

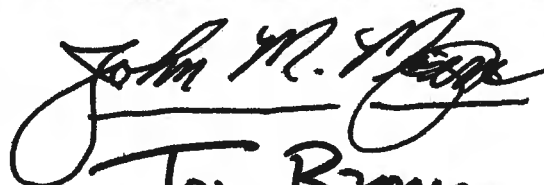
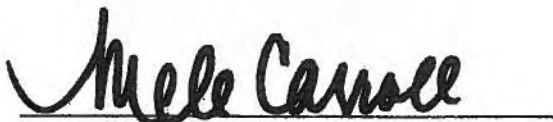


# H.C.R. NO. 240

1 BE IT FURTHER RESOLVED that a certified copy of this  
2 Concurrent Resolution be transmitted to the Director of Human  
3 Services.  
4  
5  
6



OFFERED BY:



MAR 18 2009



## 2009 Archives

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### HR209

**Measure Title:** REQUESTING THE DEPARTMENT OF HUMAN SERVICES TO DETERMINE THE FEASIBILITY OF INCREASING THE BOARD PAYMENT RATE FOR FOSTER BOARDING HOME PARENTS, GROUP HOMES, AND CHILD CARING INSTITUTIONS.

**Report Title:** Increase Foster Board Payment Rates; DHS Feasibility Study



**Description:**

**Companion:** [HCR240](#)

**Package:** None

**Current Referral:** HUS, FIN

**Introducer(s):** CARROLL, BROWER, MCKELVEY, MIZUNO, M. Lee

All Versions of this Measure	
Measure	Category
<a href="#">HR209_HSCR1396</a>	Comm Reports 
<a href="#">HR209</a>	Bills 

Testimony
No testimony at this time

Hearing Notices			
Comm	Room	Date/Time	Notice
HUS	329	3/23/2009 8:30 AM	<a href="#">View</a>

<u>Sort by</u>	<u>Date</u>	Status	Text
	3/18/2009	H	Offered
	3/20/2009	H	Referred to HUS, FIN, referral sheet 36
	3/20/2009	H	Resolution scheduled to be heard by HUS on Monday, 03-23-09 8:30am in conference room 329.
	3/23/2009	H	The committees on HUS recommend that the measure be PASSED, UNAMENDED. The votes were as follows: 6 Ayes: Representative(s) Mizuno, Brower, Bertram, Nishimoto, Shimabukuro, Ward; Ayes with reservations: none; Noes: none; and 3 Excused: Representative(s) Belatti, Carroll, Yamane.
	4/1/2009	H	Reported from HUS (Stand. Com. Rep. No. 1396), recommending referral to FIN.
	4/2/2009	H	Report adopted; referred to the committee(s) on FIN with none voting no and Takai excused.

S = Senate | H = House | D = Data Systems | \$ = Appropriation measure | **ConAm** = Constitutional Amendment

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### HR209

## 2009 Archives

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### HCR240

Measure Title: REQUESTING THE DEPARTMENT OF HUMAN SERVICES TO DETERMINE THE FEASIBILITY OF INCREASING THE BOARD PAYMENT RATE FOR FOSTER BOARDING HOME PARENTS, GROUP HOMES, AND CHILD CARING INSTITUTIONS.

Report Title: Increase Foster Board Payment Rates; DHS Feasibility Study

Description:

Companion: [HR209](#)

Package: None

Current Referral: HUS, FIN

Introducer(s): CARROLL, BROWER, M. LEE, MCKELVEY, MIZUNO



**Sort by**  
**Date**      **Status Text**

3/18/2009	H	Offered
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4/1/2009	H	Reported from HUS (Stand. Com. Rep. No. 1397), recommending referral to FIN.
4/2/2009	H	Report adopted; referred to the committee(s) on FIN with none voting no and Takai excused.

S = Senate | H = House | D = Data Systems | \$ = Appropriation measure | **ConAm** = Constitutional Amendment

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### HCR240

All Versions of this Measure	
Measure	Category
<a href="#">HCR240 HSCR1397</a>	Comm Reports 
<a href="#">HCR240</a>	Bills 

Testimony
No testimony at this time

Hearing Notices			
Comm	Room	Date/Time	Notice
HUS	329	3/23/2009 8:30 AM	<a href="#">View</a>

LINDA LINGLE  
GOVERNOR



LILLIAN B. KOLLER, ESQ.  
DIRECTOR

HENRY OLIVA  
DEPUTY DIRECTOR

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

February 27, 2009

MEMORANDUM

TO: Honorable Donna Mercado Kim, Chair  
Senate Committee on Ways and Means

FROM: Lillian B. Koller, Director

SUBJECT: S.B. 186 - RELATING TO FOSTER CARE SERVICES

Hearing: February 27, 2009, Friday, 9:00 a.m.  
Conference Room 211, State Capitol

**PURPOSE:** The purpose of S.B. 186 is to increase the foster board rate distributed by the Department of Human Services for foster care services for children.

**DEPARTMENT'S POSITION:** The Department of Human Services appreciates the intent of this measure; however, given the current fiscal difficulties, we must respectfully oppose this bill because it would not be prudent to pursue enactment at this time.

Based on our current data, the cost of increasing the monthly foster board rate by \$100 from \$529 to \$629 would require an additional \$19,200,000 in general funds for the biennium (\$9,600,000 general funds each year).

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EXHIBIT 3

SOH 05000

In addition to the monthly foster board payment, we provide resource foster parents with the following payments and benefits on behalf of foster children:

- Clothing allowances for each child
- Mileage reimbursement
- Medical coverage for the foster child
- Difficulty of care payments up to \$570 per month for children who have special needs
- Access to supportive services
- Training opportunities

We truly appreciate the commitment of Hawaii's resource foster parents.

Thank you for the opportunity to testify.

LINDA LINGLE  
GOVERNOR



LILLIAN B. KOLLER, ESQ.  
DIRECTOR

HENRY OLIVA  
DEPUTY DIRECTOR

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

March 16, 2009

MEMORANDUM

TO: Honorable John M. Mizuno, Chair  
House Committee on Human Services

FROM: Lillian B. Koller, Director

SUBJECT: S.B. 186, S.D. 1 RELATING TO FOSTER CARE SERVICES

Hearing: March 16, 2009, Monday, 8:00 a.m.  
Conference Room 329, State Capitol

**PURPOSE:** The purpose of S.B. 186, S.D.1 is to increase the foster board rate distributed by the Department of Human Services for foster care services for children.

**DEPARTMENT'S POSITION:** The Department of Human Services appreciates the intent of this measure; however, given the current fiscal difficulties, we must respectfully oppose this bill because it would not be prudent to pursue enactment at this time.

Based on our current data, the cost of increasing the foster board rate \$100 from \$529 to \$629 would require an additional \$19,200,000 in general funds for the biennium (\$9,600,000 general funds each year). The foster board rate established in section 17-828 Hawaii Administrative Rules (HAR) is also the base rate for adoption assistance payments (17-944.1 HAR) and permanency

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SOH 05002



assistance payments (17-835 HAR). An increase to the rate established in section 17-828 HAR would require an increase to other benefits based on the foster care board rate.

In addition to the monthly the foster board payment, we provide the resource foster parents the following payments and benefits on behalf of foster children:

- Clothing allowances for each child
- Mileage reimbursement
- Medical coverage for the foster child
- Difficulty of care payments up to \$570 per month for children who have special needs
- Access to supportive services
- Training opportunities

We truly appreciate the commitment of Hawaii's resource foster parents.

Thank you for the opportunity to testify.

NEIL ABERCROMBIE  
GOVERNOR



PATRICIA McMANAMAN  
INTERIM DIRECTOR

PANKAJ BHANOT  
DEPUTY DIRECTOR

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

**LATE  
Testimony**

February 3, 2011

TO: The Honorable John M. Mizuno, Chair  
House Committee on Human Services

FROM: Patricia McManaman, Interim Director

SUBJECT: **H.B. 724 - RELATING TO FOSTER CARE SERVICES**

Hearing: Thursday, February 3, 2011; 9:00 a.m.  
Conference Room 329, State Capitol

**PURPOSE:** The purpose of H.B. 724 is to require the Department of Human Services to amend its rules to increase the monthly foster care maintenance payment from \$529 per month to an unspecified amount per month.

**DEPARTMENT'S POSITION:** The Department of Human Services appreciates the intent of this measure; however, given the State's current fiscal situation, we must respectfully oppose this bill because it would require an additional appropriation of State general funds.

DHS estimates that if the foster board rate were to be raised by \$50 per month, an additional \$3.7 million per year in State general funds that would need to be appropriated.

Passage of this bill without an appropriation would require the Department to divert existing funds from other critical programs, such as the differential response programs which would essential shred the safety net for our families and children.

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**EXHIBIT 4**

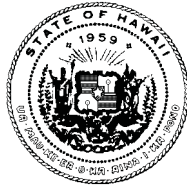
The foster board rate is the benchmark for adoption assistance, permanency assistance and higher education board allowance payments: an increase in the basic foster board rate would also require an increase in the benefit amounts for each of these programs.

Chapter 17-1617, Hawaii Administrative Rules, provides the flexibility for a rate increase without legislation by establishing \$529 as the minimum monthly payment [§17-1617-13 (e)(1)] and requiring a review of the continuing appropriateness at least every five years [§17-12615-22].

The Department respectfully requests the deletion of references to "facilities that provide contracted emergency shelter or group homes services [lines 5 through 8] as these entities are paid in accordance with the terms of their contracts and do not receive the basic board rate.

Thank you for the opportunity to testify on this bill.

NEIL ABERCROMBIE  
GOVERNOR



PATRICIA McMANAMAN  
DIRECTOR

BARBARA A. YAMASHITA  
DEPUTY DIRECTOR

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

March 12, 2013

TO: The Honorable Suzanne Chun Oakland, Chair  
Senate Committee on Human Services

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 986, H.D. 1 – RELATING TO FOSTER CARE SERVICES**

Hearing: Tuesday, March 12, 2013; 1:45 p.m.  
Conference Room 016, State Capitol

**PURPOSE:** The purpose of H.B. 986, H.D. 1, is to increase the monthly board rate distributed by the Department of Human Services for foster care services for children, effective July 1, 2050.

**DEPARTMENT'S POSITION:** The Department of Human Services supports the intent of this bill but is concerned about the fiscal impact. It would require an additional appropriation of State general funds.

DHS estimates that if the board rate were to be raised by \$75 per month, an additional \$5,298,300 per year in State general funds that would need to be appropriated. The foster board rate is the benchmark for adoption assistance, permanency assistance and higher education board allowance payments. An increase in the basic foster board rate requires an increase in the benefit amounts for each of these programs.

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**EXHIBIT 5**

The Department is willing to work with stakeholders this summer to further assess the feasibility of adjustments to the monthly board rate, including sliding scale adjustments, and to report back to the legislature next session.

Thank you for the opportunity to testify.

**From:** KRosenfeld@dhs.hawaii.gov [mailto:KRosenfeld@dhs.hawaii.gov]  
**Sent:** Wednesday, July 23, 2014 12:48 PM  
**Cc:** KRosenfeld@dhs.hawaii.gov  
**Subject:** DHS Press Release - Resource Caregivers Receive Increased Board Payments



## DEPARTMENT OF HUMAN SERVICES

NEIL ABERCROMBIE  
GOVERNOR

PATRICIA MCMANAMAN  
DIRECTOR

### **Resource Caregivers Receive Increased Board Payments *Effective July 2014***

**FOR IMMEDIATE RELEASE: July 23, 2014**

Families that care for children placed with the Department of Human Services (DHS) Child Welfare Service (CWS) Branch will receive a foster board pay increase, effective July 1, 2014. Called resource caregivers, families will receive their first increased payment in August.

To ensure that resource caregivers receive the funds necessary to provide safe, healthy, and nurturing environments for children awaiting permanent placement, the DHS requested a legislative appropriation of \$8,502,936 in 2014. The budget request was passed in its entirety as part of Governor Neil Abercrombie's 2014 executive budget package.

"Hawaii's rate increase is based on the DHS' review of foster care rates and practices in 46 other states," explained DHS Director Patricia McManaman, "and the benefits that Hawaii resource families currently receive in addition to tax-free monthly foster care payments."

Children enter and exit the foster care system throughout the year. They can remain in resource family homes for days, months, or years in some cases. While siblings are often placed together, resource families also may care for two or more unrelated children. In 2013, the average number of children per month in resource homes was 1,096. In June 2014, a total of 1,156 children were in foster care across the State.

SOH 04029

Representative Mele Carroll, Chair of the House Committee on Human Services, was a strong supporter of increasing foster board payments. "The bill is a huge step forward to help support the foster families that are integral members of our communities." Her Senate counterpart, Senator Suzanne Chun Oakland agreed. "I am very happy with the passage of this legislation and am grateful to the Department of Human Services, Governor, Legislature, advocates and foster families for this team effort!"

The increase in basic board payment 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 DHS' new program of extended voluntary care to age 21.

Foster board payment rates vary across the nation. Hawaii based its new rates on an age-tiered system indexed to documented costs contained in the United States Department of Agriculture's Expenditures on Children by Families annual report. The monthly per child payment to Hawaii resources caregivers has been increased from a base rate of \$529 to \$575 for 0-5 year olds, \$650 for 6-11 year olds, and \$676 for children aged 12 and above.

Similar to other states, Hawaii's resource caregivers also receive QUEST health insurance benefits for their foster children, difficulty of care payments, and a clothing allowance. Difficulty of care payments are provided to resource caregivers that support children who require more intensive physical, emotional, psychological or behavioral care and supervision, as determined by a treating professional.

Resource families also are eligible to receive special circumstances or events payments, designated transportation costs (school bus fare or private car mileage, local bus fare) that effect child placement or promote family reunification, and \$500 per child per year for extracurricular activities, social activities, hobbies, and camp funds.

Reimbursable costs include attendance at authorized meetings, respite care and child care coverage, limited liability insurance training, and enhancements necessary for the child's growth and development (e.g. Scouts, YMCA, YWCA, community soccer, community baseball, community swimming, Boys and Girls Clubs).

To learn more about becoming a resource care giver or attending one of the statewide informational briefings, please visit the DHS website [www.humanservices.hawaii.gov/ssd/home/child-welfare-services/foster-and-adoptive-care/](http://www.humanservices.hawaii.gov/ssd/home/child-welfare-services/foster-and-adoptive-care/).

Media Contact:  
Kayla Rosenfeld, Public Information Officer  
586-4892; [krosenfeld@dhs.hawaii.gov](mailto:krosenfeld@dhs.hawaii.gov)  
[www.humanservices.hawaii.gov](http://www.humanservices.hawaii.gov)

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IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF HAWAII

PATRICIA SHEEHEY, PATRICK )  
SHEEHEY, RAYNETTE AH CHONG,) )  
individually and on behalf )  
of the class of licensed )  
foster care providers )  
Residing in the state of )  
Hawai'i; )

Plaintiffs, )

vs. )

Case No. CV13-00663

RACHAEL WONG, in her )  
official capacity as the )  
Director of the Hawai'i )  
Department of Human )  
Services, )

LEK-KSC

Defendant. )

----- )

DEPOSITION OF LISA NAKAO,

Taken on behalf of Plaintiffs at 1001 Bishop Street,  
Suite 1800, Honolulu, Hawaii 96813, commencing at  
10:36 a.m., on June 19, 2015, pursuant to Notice.

BEFORE: SUE M. FLINT, RPR, CSR 274

Notary Public, State of Hawaii

1 were doing to determine their foster care rates, and  
2 that's pretty much what I gathered in the first --  
3 the meetings that I attended.

4 Q. So you said that the working group was  
5 supposed to be looking at whether the payments were  
6 sufficient to meet the needs of foster children; is  
7 that right?

8 A. It was looking at the adequacy of the  
9 foster care rate.

10 Q. Okay. And by what criteria was adequacy  
11 being measured?

12 A. I think that's where they hired the  
13 consultant to assist them in looking at what  
14 different other states were doing, and doing a lit  
15 review.

16 MS. KALAMA: I'm going to object and move  
17 to strike as outside the witness's --

18 A. Yeah. I don't know.

19 MS. KALAMA: -- outside the witness's  
20 designated area of testimony.

21 BY MR. ALSTON:

22 Q. So by what criteria did the working group  
23 determine the amounts that were calculated for the  
24 2014 foster care basic payments?

25 MS. KALAMA: Objection. Lack of

1 was told would be in the budget for foster care  
2 payments. Is that your understanding, as well?

3 MS. KALAMA: Objection. Outside the scope  
4 of the witness's testimony.

5 A. See, I don't know. Because I don't know  
6 in terms of the budget. I wasn't involved in terms  
7 of developing the budget.

8 BY MR. ALSTON:

9 Q. Were you involved at all in -- do you know  
10 anything at all about the criteria that were used to  
11 come up with the numbers?

12 A. Criteria in terms of what model that I  
13 used --

14 Q. Yes.

15 A. -- was just basically -- I can answer  
16 questions in terms of the model that I used.

17 Q. Okay. So tell me about the model you  
18 used.

19 A. Okay. So basically what I used was the  
20 USDA model in terms of expenditures on children of  
21 families, and that's what I used, and in their  
22 report -- I guess which was one of the exhibits --  
23 2011 methodology, they used the different categories  
24 that they looked at and they actually did -- based  
25 their expenditures on the consumer expenditures on

1 children.

2 THE WITNESS: Yeah. That's the one.

3 That's the report. (Indicating)

4 A. And the categories that we used was

5 basically housing, food and miscellaneous.

6 And there were other categories, such as  
7 child care and education, other categories such as  
8 medical and health care, and those categories were  
9 not included in my methodology because when I looked  
10 at this list, they were actually already expenses  
11 that were actually being reimbursed.

12 MR. ALSTON: Could you read that back,  
13 please?

14 (Record was read as requested.)

15 BY MR. ALSTON:

16 Q. Was there anything other than medical and  
17 health care that you excluded from the calculations?

18 A. I think one more was clothing.

19 Q. Because of the payment of -- or the  
20 availability of a clothing allowance?

21 A. Yes.

22 Q. We had copies made of your file, so let me  
23 give the originals back to you. Have I handed you  
24 your originals?

25 A. Yes.

1 MR. ALSTON: Since we started talking  
2 about the USDA report, let me hand you what I'll  
3 mark as Exhibit 3.

4 (Exhibit 3 marked for identification.)

5 BY MR. ALSTON:

6 Q. And what I've handed you is the USDA  
7 Expenditures on Children by Families, a report for  
8 2011.

9 A. Yes.

10 Q. Right?

11 A. Uh-huh.

12 Q. Why were you using the 2011 data?

13 A. Because that was the only available data  
14 at that time.

15 Q. There was --

16 A. This was the latest report that we had at  
17 that time.

18 Q. There was no 2012 data available to you?

19 A. No.

20 Q. When did the 2012 data become available?

21 A. The 2012 data became available at the end  
22 of 2013.

23 Q. Okay. When that data --

24 A. I think it was available in December.

25 Q. In December 2013?

1 A. Uh-huh.

2 Q. So before the legislature convened and  
3 reset the rates in 2014; right?

4 A. Yeah.

5 Q. Did you do anything -- once the 2012 data  
6 became available, was there any discussion about  
7 updating to use more current data?

8 A. Actually, Pat requested that -- Pat was  
9 the one that requested -- Pat McManaman requested if  
10 I could run some numbers for 2012.

11 Q. With the 2012 data?

12 A. Yes.

13 Q. Did you do that?

14 A. Yes.

15 Q. What happened? What did those 2012  
16 numbers show?

17 A. Meaning I ran the same scenarios.

18 Q. Right. With higher numbers or the same  
19 numbers?

20 A. It depends on -- I guess -- we don't have  
21 2012.

22 I think it's -- well, because every year  
23 with inflation and everything, the numbers, I think,  
24 were higher, I mean not having the 2012 --

25 Q. From memory -- we'll get to that, not

1 before lunch, but after lunch we'll get to that.

2 Okay. So you ran numbers using the 2012  
3 data and Ms. McManaman says, what, go back to 2011?

4 A. I don't understand your question going  
5 back to 2011.

6 Q. I'm sorry. Initially you ran numbers with  
7 2011 because that was the most current data;  
8 correct?

9 A. Yes. Yes.

10 Q. And then the 2012 becomes available and  
11 you actually run numbers using 2012 data; correct?

12 A. Yes.

13 Q. Then what happens?

14 A. Then I give them to Pat.

15 Q. Right. And then what happens?

16 A. -- and Barbara. And nothing -- I mean --

17 Q. As far as you were concerned --

18 A. -- I was never instructed which ones I  
19 should use or which ones -- after that, I wasn't --  
20 yeah.

21 Q. Okay. Do you know whether the department  
22 actually used 2011 data or 2012 data?

23 MS. KALAMA: Objection. Outside the scope  
24 of the witness's designated testimony.

25 A. I wasn't really sure, actually. It was

1 only in 2014 that I was told that they were going to  
2 use 2011 numbers.

3 BY MR. ALSTON:

4 Q. Who told you that?

5 A. Pat.

6 Q. What did she tell you?

7 A. And that the budget had already gone in  
8 and we would be using 2011.

9 Q. Is that the only reason for using 2011?

10 A. That was all I was told. I didn't --

11 Q. Did she tell you that --

12 A. I didn't even know what --

13 Q. I'm sorry. Go ahead.

14 A. I didn't even know what scenario or  
15 anything that would show that.

16 Q. Did she tell you that the department was  
17 going to use 95 percent of the 2011 numbers?

18 A. No, I didn't -- I didn't know that.

19 Q. When did you find that out?

20 A. When I got this sheet, actually, which was  
21 actually already finalized with the rates increase.

22 Q. Okay. And what you're referring to is  
23 what we'll mark as Exhibit 4.

24 (Exhibit 4 marked for identification.)

25 BY MR. ALSTON:



1 Q. We've put in front of you Exhibit 4, two  
2 brightly colored pages.

3 A. Yes.

4 Q. When did you first see this exhibit?

5 A. Gee.

6 Q. Approximately?

7 A. I think in the latter part -- after the  
8 legislative session. So that was later part of  
9 2014.

10 Q. Okay. And who prepared it, do you know?

11 A. I have no idea who prepared this.

12 Q. Who gave it to you?

13 A. Barbara actually gave this to me, Barbara  
14 Yamashita.

15 Q. And there's nothing here that refers to  
16 the 2011 -- refers explicitly to the 2011 USDA data.  
17 But you -- from the numbers shown, you recognize it  
18 as being based on 2011; is that right?

19 A. Yes. And that's when I -- actually when I  
20 got this, then I actually pulled out that worksheet  
21 which I also -- you made copies of -- and then  
22 realized that you guys -- they chose the 95 percent.

23 Q. Let me show what you we'll mark as  
24 Exhibit 5.

25 (Exhibit 5 marked for identification.)

1 BY MR. ALSTON:

2 Q. And what I've handed you is a three-page  
3 document. On the first page it says filename:  
4 Lisa's Analysis revised 1-13-14, USDA 2011, higher  
5 ed, FC to 21. Right?

6 A. Uh-huh.

7 Q. This is a document you created?

8 A. Yes.

9 Q. And it's -- the note on the first page  
10 says, Note: 2014 legislative testimony.

11 Did you write that?

12 A. Yes.

13 Q. And then you -- actually, you wrote this  
14 entire document; right?

15 A. Yes.

16 Q. And the note reflects what you discovered  
17 after looking at the numbers and going back to your  
18 data and seeing where the figures came from;  
19 correct?

20 A. Uh-huh.

21 THE REPORTER: Yes?

22 A. Yes.

23 (Discussion off the record.)

24 (Break taken.)

25 BY MR. ALSTON:

1 Q. Let's go back to this document, please.

2 Okay. So how was this document used in calculating  
3 the 2014 payments for foster care maintenance?

4 A. Actually, it was used -- the USDA was used  
5 as a foundation in terms of -- so what they actually  
6 -- what the USDA expenditure report actually shows  
7 is what families spend on raising a child. So we  
8 looked at the different categories in different  
9 regions and we actually used the urban West region.

10 Q. And you used urban West because, of  
11 course, it includes Hawaii?

12 A. It includes Hawaii, exactly.

13 Q. Okay. Then what did you do?

14 A. Then if you go in the back, table --

15 Q. It's page 28, if you're looking for --

16 A. So we actually used the urban West  
17 categories here. So of course, as I stated earlier,  
18 there's different categories, like housing, food,  
19 transportation, clothing, health care, child care  
20 and miscellaneous. These are the expenses. And  
21 what we did was we looked at the categories that  
22 were not -- were actually already being reimbursed  
23 as a separate and not part of the foster care board  
24 rate. So that's how we took out the transportation,  
25 because transportation is reimbursed currently

1 separate.

2 Q. All transportation is reimbursed?

3 A. Yeah. Mileage, anything to --

4 transportation to any medical visits or behavioral

5 health visits, they're all covered.

6 Q. Is it your testimony that all

7 transportation that is supposed to be covered is

8 covered through the separate money available for

9 mileage reimbursement?

10 MS. KALAMA: Objection. Vague. Calls for  
11 a legal conclusion. Beyond the scope of the  
12 witness's testimony.

13 A. I don't know.

14 BY MR. ALSTON:

15 Q. You said that you took out the

16 transportation costs --

17 A. Yes.

18 Q. -- because you understood that

19 transportation was separately reimbursed; correct?

20 A. Yes.

21 Q. For what types of transportation is

22 reimbursement available, as you understand it?

23 A. As I understand it, it was reimbursement

24 for mileage and whether it be --

25 Q. For what trips?

1 A. For trips to medical care, for trips to  
2 school. And transportation also included if there  
3 was supposed to be bus passes; that was also  
4 included. Transportation to different functions,  
5 and that was what I understood it as.

6 Q. So as you understand it, a foster parent  
7 could go to the department and say, I traveled to  
8 the doctor, I traveled to school, I traveled to some  
9 other event, and I want to be reimbursed?

10 A. Yes.

11 Q. Was it your understanding that that sort  
12 of reimbursement was available in addition to the  
13 basic rate for all the types of transportation that  
14 a foster parent is entitled to be paid for?

15 A. Yes.

16 MS. KALAMA: Objection. Calls for a legal  
17 conclusion.

18 BY MR. ALSTON:

19 Q. That's why you took that item out?

20 A. Yes.

21 Q. Okay. You took out clothing because there  
22 was a clothing allowance available; right?

23 A. Yes.

24 Q. And you took out, what, health care, you  
25 said?

1 A. Yes. I took out health care.

2 Q. Okay. What else did you take out?

3 A. Child care and education I also took out.

4 Q. Why?

5 A. Child care is currently covered and  
6 reimbursed, as well, as well as education.

7 Q. Okay. And is all child care covered?

8 A. Yes, to my knowledge.

9 Q. And all health care is covered?

10 MS. KALAMA: Objection. Calls for a legal  
11 conclusion.

12 BY MR. ALSTON:

13 Q. -- separately, as far as you know?

14 A. From, yes, what I was -- I didn't make  
15 this decision to take it out by myself.

16 Q. Okay.

17 A. So actually, when I actually used this, it  
18 was actually -- this spreadsheet was shared by --

19 Q. What are you referring to? You're  
20 referring to the long --

21 A. Exhibit --

22 Q. The last sheet of Exhibit 5?

23 A. Is it Exhibit 5? Yeah, Exhibit 5.

24 This was shared with the director and  
25 deputy director and I guess they shared it with SSD,

1 as well, Social Services Division.

2 Q. And so who made the decision to take those  
3 items out?

4 A. It was not taken out. It was never  
5 initially part of this. It was just with discussion  
6 of them seeing the categories and ensuring that what  
7 I included was okay.

8 Q. Was appropriate?

9 A. Yes.

10 Q. So they validated your choice --

11 A. Exactly.

12 Q. -- your decision to take those things out?

13 A. It wasn't solely my decision.

14 Q. And you included miscellaneous; right?

15 A. Yes.

16 Q. And that is a -- footnote b on page 28

17 explains that includes personal care items,

18 entertainment and reading materials.

19 A. Yes.

20 Q. Okay. Now, when the decision was made to  
21 take out clothing in its entirety, you understood  
22 that the clothing allowance was \$600 a year per  
23 child?

24 A. Yeah. I was told that in -- I think I was  
25 told that in September, that it was \$600, because it

1 was increased, and the person who told me that was  
2 Lynne Kazama.

3 Q. Okay. So in any event, you said, Okay --  
4 you were told there was a clothing allowance and so  
5 you were going to take that out of your  
6 calculations; right?

7 A. Yes.

8 Q. When you saw here that the USDA clothing  
9 numbers were higher than \$600 for everyone other  
10 than a three- to five-year-old child, did you say,  
11 Why are we taking out 100 percent of the clothing?

12 A. No. I never had that discussion.

13 Q. Did anyone explain why they were -- why  
14 you would take out all of clothing when the costs  
15 shown here are higher than \$600?

16 A. No. I don't -- to my knowledge, we never  
17 had any discussion.

18 Q. Okay. And when did you first hear that  
19 the figures that were going to be used were 95  
20 percent of these urban West figures?

21 A. Again, the 95 percent --

22 Q. Yes.

23 A. -- was when I received this.

24 Q. When you saw this?

25 A. That was just -- yeah. No one really told



1 me that we were going to go with the 95.

2 Q. Okay. After you found out that they had  
3 gone with the 95 percent, did you ask anybody by  
4 what criteria 95 was selected, as opposed to 100 or  
5 some other number?

6 A. No.

7 Q. Can you explain by what criteria the  
8 decision was made to use 95 instead of 100 percent?

9 A. No. I wasn't included in any of the --

10 Q. Can you explain by what criteria the  
11 decision was made to use 2011 instead of the 2012  
12 data which became available in late 2013?

13 MS. KALAMA: Objection. Beyond the scope  
14 of the witness's designated testimony.

15 BY MR. ALSTON:

16 Q. You can answer.

17 A. No. Actually, I was never told why.

18 Q. Okay.

19 A. I was just told that we're gonna use 2011.

20 Q. Okay. In preparing for today, you didn't  
21 do any investigation to find out why?

22 A. No.

23 MS. KALAMA: I'm going to object as beyond  
24 the scope of the witness's designated testimony.

25 BY MR. ALSTON:

1 Q. Look again at Exhibit 2, specifically  
2 footnote 1 to Exhibit 2.

3 A. Okay.

4 Q. Did you do anything to confirm whether the  
5 things that you had drawn out of the urban West  
6 statistics were enough to cover everything  
7 identified in footnote 1?

8 A. Could you repeat that question?

9 Q. Did you do anything to determine whether  
10 the figures that you had extracted from the urban  
11 West figures were enough to cover the items shown in  
12 footnote 1?

13 A. I think the only conversation, as I stated  
14 earlier, was when I did show them, I guess,  
15 initially the spreadsheet, in terms of what was  
16 going to be covered in terms of foster care rate,  
17 that that was adequate, that was shared.

18 MR. ALSTON: Can I have that answer back,  
19 please?

20 (Record was read as requested.)

21 BY MR. ALSTON:

22 Q. Did you do anything to determine whether  
23 the criteria for adjusting the amounts should be --  
24 should include any consideration of inflation from  
25 2011 to 2014?

1 A. I had no conversation about inflation.

2 Q. Do you know whether inflation was one of  
3 the criteria the department used in trying to  
4 calculate how much should be paid?

5 A. No. I have no knowledge.

6 Q. Did you do anything to calculate whether  
7 -- strike that.

8 Did you do anything to determine whether  
9 the cost of living in Hawaii, as opposed to the  
10 average cost in the urban West, would be taken into  
11 account in setting the 2014 rate?

12 A. Let's see. The only criteria that I used  
13 in terms of the cost -- to consider the cost of  
14 living in Hawaii was when I took the housing  
15 expense, I took the entirety of housing expense,  
16 which actually includes mortgage, rent, property  
17 tax, which normally the foster care board rate  
18 should not be covering.

19 Q. Why is that?

20 A. Because this actually doesn't include --  
21 in terms of families are supposed to be  
22 self-sufficient, and that was what I was told.  
23 Families shouldn't be -- it shouldn't cover rent and  
24 mortgage. Self-sufficiency means that a family  
25 should be able to pay their rent and mortgage and

1 property rates before they become a resource family.

2 Q. Who told you that?

3 A. Kayle.

4 Q. Kayle?

5 A. Yes.

6 Q. Who is Kayle?

7 A. Kayle. (Indicating)

8 MR. ALSTON: Oh. I didn't know that was  
9 how you pronounced your first name. Sorry. I got  
10 it.

11 BY MR. ALSTON:

12 Q. You're talking about Ms. Perez here, to  
13 your left?

14 A. Yeah, Ms. Perez.

15 Q. That's okay. That's fine.

16 A. Sorry.

17 Q. Okay. So she told you that, and  
18 therefore --

19 A. She didn't just tell me. It was at  
20 meetings that she had stated that. Ricky also,  
21 -- Ricky Higashide also stated that, as well.

22 Q. What did they base that statement on, if  
23 you know?

24 A. No, I don't.

25 Q. Some sort of moral judgment, or do you

1 A. Actually -- yeah.

2 Q. And when she talks about, Can you take the  
3 lead on whether this notice is adequate, what is she  
4 talking about, do you know?

5 A. No, I don't know. This was actually not  
6 to me. It was to Barbara. Well, it was to Barbara,  
7 and then Barbara is just forwarding it to me.

8 Q. I see. Okay. You don't know what the  
9 reference to adequate notice is about?

10 A. No.

11 Q. I'll show you what we'll mark as  
12 Exhibit 16.

13 (Exhibit 16 marked for  
14 identification.)

15 BY MR. ALSTON:

16 Q. This is a long series of emails and I'm  
17 really only interested in things on the first two  
18 pages. At the bottom of the second page, there's an  
19 email to you from Mona Maehara that says in the  
20 second paragraph -- or asks in the second paragraph:  
21 Do you have any narrative explanation for your  
22 spreadsheet which showed \$8 million increase for  
23 foster care board increase? What is the premise, et  
24 cetera?

25 Do you recall Ms. Maehara asking you that

1 question?

2 A. Vaguely. This is back in --

3 Q. The email above that in the chain is your  
4 response. It starts, Hi, Mona; is that right?

5 A. Yes.

6 Q. And you write: The only premise is --  
7 strike that.

8 You write: The only premise that is being  
9 made is we are trying -- is we are using the USDA  
10 estimated annual expenditures on a child for Hawaii,  
11 paren, urban West, with a before-tax income of  
12 58,890 to \$101,960 to calculate what the total  
13 expenses, including only housing, food and  
14 miscellaneous costs of raising a child would be.

15 Did I read that accurately and is that an  
16 accurate statement of the criteria that determined  
17 the amounts?

18 MS. KALAMA: Object. Compound.

19 BY MR. ALSTON:

20 Q. First question: Did I read that  
21 accurately?

22 A. Yeah, you read it accurately.

23 Q. Is that an accurate statement of the  
24 criterion, singular, that was used to set the  
25 amounts?

1 MS. KALAMA: Objection. Misstates the  
2 document.

3 A. Could you restate your --

4 BY MR. ALSTON:

5 Q. Let me restate it. Is your statement in  
6 the first sentence of that email an accurate account  
7 of the only criterion that was used to set the  
8 amount?

9 MS. KALAMA: Objection. Misstates the  
10 document.

11 A. I think it's not the only -- I mean, this  
12 is not an accurate statement, because it isn't the  
13 only criteria we looked at in terms of determining  
14 foster care, because there are other criteria in  
15 terms of the components that we included in our USDA  
16 calculations.

17 BY MR. ALSTON:

18 Q. What else did you include in the USDA  
19 calculations beyond those reflected in your  
20 statement here?

21 A. Okay. Because this actually just mentions  
22 the income, yeah, the before-tax income. But we did  
23 include, again, the different criterias again with  
24 housing, the criteria that we actually used on  
25 that --

1 Q. What this says is you used that income to,  
2 quote, calculate what the total monthly expenses,  
3 including only housing, food and miscellaneous costs  
4 of raising a child would be.

5 MS. KALAMA: Objection. Argumentative.

6 BY MR. ALSTON:

7 Q. So is that the criterion that was used?

8 A. We did use these categories of housing,  
9 food and miscellaneous, as well as the annual  
10 expenditures of the before tax income of the 58,000  
11 to 101,960.

12 Q. And that's it?

13 MS. KALAMA: Objection. Misstates the  
14 witness's testimony.

15 A. Yeah. I don't -- I don't understand your  
16 question when you say "that's it."

17 BY MR. ALSTON:

18 Q. Well, when you said -- you write: The  
19 only premise is that we're using these urban West  
20 statistics for a certain income group for only  
21 housing, food and miscellaneous costs.

22 That's an accurate statement; isn't it?

23 A. That's in developing the foster care board  
24 rate.

25 Q. Thank you.



1 A. Yes.

2 Q. With respect to the other expenses that  
3 were identified on Exhibit 12, did you do anything  
4 to determine how common these other items were for  
5 the foster families?

6 A. Could you state that question again?

7 Q. Yeah. Did you do anything to figure out  
8 how many foster families got each of these other  
9 types of benefits?

10 A. No, I did not.

11 Q. Did anyone?

12 MS. KALAMA: Objection. Beyond the scope  
13 of this witness's knowledge.

14 BY MR. ALSTON:

15 Q. -- to your knowledge?

16 A. I'm not aware of that.

17 Q. Do you know whether anybody used -- strike  
18 that.

19 Do you know whether these items listed on  
20 Exhibit 12 influenced in any way the criteria by  
21 which the 2014 foster board payment rates were set?

22 A. Could you restate that?

23 Q. Let me have the reporter read it.

24 (Record was read as requested.)

25 MS. KALAMA: I'm going to object as beyond

1 A. Could you restate what you were saying? I  
2 was looking at --

3 Q. Yeah. Okay. These are various emails you  
4 received and sent in February 2014?

5 A. Uh-huh.

6 Q. What were you doing in February 2014  
7 relating to the setting of the payment rates for  
8 foster children?

9 A. I don't recall. That's why I'm trying to  
10 think what spurred this conversation.

11 Q. In February 2014, were the amounts still  
12 being discussed and adjusted?

13 A. I don't think the amounts was being  
14 adjusted. I think we were actually just really  
15 trying to reaffirm what was covered in terms of  
16 reimbursements.

17 Q. Okay. All right. Let's go back and look  
18 at the USDA report, please.

19 A. Exhibit 3?

20 Q. I want to make sure we're on the same  
21 wavelength here. Go to page 28, with respect to  
22 urban West. Would it -- in determining the criteria  
23 for setting the 2014 rates, is it fair to say that  
24 you determined that all transportation costs  
25 identified on page 28 were appropriately covered by

1 other payments outside the base board amount?

2 A. Yes.

3 Q. And is it fair to say that you decided  
4 that all clothing costs were fairly covered by the  
5 stipend?

6 A. Yes. And that wasn't just done, again,  
7 solely by myself. It was with -- I guess once I  
8 took that out, I really did discuss this, as well as  
9 circulate it again, the spreadsheet, to the director  
10 and deputy director, as well as Lynne Kazama, who  
11 actually was attending the work groups.

12 Q. So it appeared to you there was a  
13 consensus on those, transportation and clothing?

14 A. Yes.

15 Q. And the same would be true with excluding  
16 health care costs; is that correct?

17 A. Yes. That's correct.

18 Q. And the same would be true with excluding  
19 all child care and education costs; is that correct?

20 A. Yes.

21 MR. ALSTON: All right. I don't have any  
22 further questions at this time.

23 We reserve our right to question the  
24 preparation that you did, but that's between the  
25 lawyers and you don't need to worry about that.

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C E R T I F I C A T E

STATE OF HAWAII )  
 ) SS.  
CITY AND COUNTY OF HONOLULU )

I, SUE M. FLINT, Notary Public, State of Hawaii, do hereby certify:

That on June 19, 2015, at 10:36 a.m., appeared before me Lisa Nakao, the witness whose deposition is contained herein; that prior to being examined she was by me duly sworn;

That the deposition was taken down by me in machine shorthand and was thereafter reduced to typewriting under my supervision; that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings had in the foregoing matter.

That pursuant to Rule 30(e) of the Hawaii Rules of Civil Procedure, a request for an opportunity to review and make changes to this transcript:

X Was made by the deponent or a party (and/or their attorney) prior to the completion of the deposition.

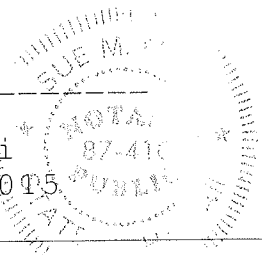
[\_\_] Was NOT made by the deponent or a party (and/or their attorney) prior to the completion of the deposition.

[\_\_] Was waived.

I further certify that I am not an attorney for any of the parties hereto, nor in any way concerned with the cause.

This 103-page Deposition of Lisa Nakao dated June 19, 2015, was subscribed and sworn to before me this 26th day of June, 2015, in Honolulu, Hawaii.

*Sue M. Flint*  
-----  
SUE M. FLINT, RPR, CSR 274  
Notary Public, State of Hawaii  
My Commission Exp: July 23, 2015



# Hawaii CWS Foster Care Board Rate Projections

Based on 2011 USDA, Urban West Estimated Annual  
Expenditures on a Child by Husband-Wife Families

*filename: Lisa's Analysis rev 1-13-14 (USDA 2011, higher ed, FC to 21)*

NOTE: 2014 legislative testimony based upon the 2011 USDA estimates. Option #2 chosen by DHS to be the New Foster Board Payments which is based upon meeting 95% of the USDA estimates.

EXH 5 DATE 6/19/15  
WITNESS Lisa Nakao  
SUE M. FLINT

**2011 USDA Expenditures on Children by Families**  
**Estimated Annual Expenditures on a child by husband-wife families,**  
**Urban West, 2011**

**Before-tax income: Less than \$58,890 (average = \$37,670)**

Age of Child	Housing	Food	Misc	Annual Expense	Monthly Expense	
0 - 2	\$3,560	\$1,210		\$550	\$5,320	\$443
3 - 5	3,560	1,310		750	\$5,620	\$468
6 - 8	3,560	1,770		770	\$6,100	\$508
9 - 11	3,560	2,040		770	\$6,370	\$531
12 - 14	3,560	2,210		840	\$6,610	\$551
15 - 17	3,560	2,200		720	\$6,480	\$540

**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

**2011 USDA Expenditures on Children by Families**

**Proposed CWS Age Breakdown - Estimated Annual Expenditures on a child by husband-wife families, Urban West, 2011**

**Before-tax income: Less than \$58,890 (average = \$37,670)**

Age of Child	Housing	Food	Misc	Total Annual Expense	Total Monthly Expense	Current 2013 CWS FC Board Rate	
0 - 5	\$3,560	\$1,260		\$650	\$5,470	\$456	\$529
6 - 11	3,560	1,905		770	6,235	520	529
12 - 17	3,560	2,205		780	6,545	545	529
<b>TOTAL</b>							

Proposed CWS Age Breakdown - Estimated Annual Expenditures on a child by husband-wife families w/Clothing, Urban West, 2011  
 Before-tax income: \$58,890 to \$101,960 (average =\$79,240)

Clothing Allowance per month: **\$50**

Age of Child	Type of Assistance	2011 Housing Expense	2011 Food Expense	2011 Misc. Expense	2011 USDA Total Annual Expense	2011 USDA Total Monthly Expense	Current 2013 CWS FC Board Rate	June 2013 Number of Foster Children
0 - 5	FC	\$4,670	\$1,485	\$1,120	\$7,275	\$606	\$529	532
	PA	4,670	1,485	1,120	7,275	606	529	31
	AA	4,670	1,485	1,120	7,275	606	529	322
<b>subtotal</b>								
6 - 11	FC	\$4,670	\$2,305	\$1,235	\$8,210	\$684	\$529	326
	PA	4,670	2,305	1,235	8,210	684	529	221
	AA	4,670	2,305	1,235	8,210	684	529	1,498
<b>subtotal</b>								
12+**	FC	\$4,670	\$2,635	\$1,240	\$8,545	\$712	\$529	333
	PA	4,670	2,635	1,240	8,545	712	529	571
	AA	4,670	2,635	1,240	8,545	712	529	1740
	Higher Ed	4,670	2,635	1,240	8,545	712	529	300
	FC to 21	4,670	2,635	1,240	8,545	712	529	135
<b>subtotal</b>								
<b>TOTAL</b>								

Option 1: 100% monthly expense					Option 2: 95% monthly expense					Option 3: 94% monthly expense				
Net Amt increased	Increased Monthly Board Rate w/o Clothing	Monthly additional clothing rate	Increased Monthly Board Rate w/Clothing	Monthly Cost of Increased Board Rate w/Clothing*	Net Amt increased	Increased Monthly Board Rate w/o Clothing	Monthly additional clothing rate	Increased Monthly Board Rate w/Clothing	Monthly Cost of Increased Board Rate w/Clothing*	Net Amt increased	Increased Monthly Board Rate w/o Clothing	Monthly additional clothing rate	Increased Monthly Board Rate w/Clothing	Monthly Cost of Increased Board Rate w/Clothing*
\$77	\$606	\$50	\$656	\$349,125	\$47	\$576	\$50	\$626	\$332,999	\$41	\$570	\$50	\$620	\$329,774
\$77	\$606	\$50	\$656	\$20,344	\$47	\$576	\$50	\$626	\$19,404	\$41	\$570	\$50	\$620	\$19,216
\$77	\$606	\$0	\$606	\$195,213	\$47	\$576	\$0	\$576	\$185,452	\$41	\$570	\$0	\$570	\$183,500
<b>subtotal</b>					<b>subtotal</b>					<b>subtotal</b>				
				\$564,681					\$537,855					\$532,489
										\$114	\$643	\$50	\$693	\$225,956
\$155	\$684	\$50	\$734	\$239,338	\$121	\$650	\$50	\$700	\$228,186	\$114	\$643	\$50	\$693	\$153,179
\$155	\$684	\$50	\$734	\$162,251	\$121	\$650	\$50	\$700	\$154,691	\$114	\$643	\$50	\$693	\$153,179
\$155	\$684	\$0	\$684	\$1,024,882	\$121	\$650	\$0	\$650	\$973,638	\$114	\$643	\$0	\$643	\$963,389
<b>subtotal</b>					<b>subtotal</b>					<b>subtotal</b>				
				\$1,426,471					\$1,356,515					\$1,342,524
\$183	\$712	\$50	\$762	\$253,774	\$147	\$676	\$50	\$726	\$241,918	\$140	\$669	\$50	\$719	\$239,546
\$183	\$712	\$50	\$762	\$435,150	\$147	\$676	\$50	\$726	\$414,820	\$140	\$669	\$50	\$719	\$410,754
\$183	\$712	\$0	\$712	\$1,239,025	\$147	\$676	\$0	\$676	\$1,177,074	\$140	\$669	\$0	\$669	\$1,164,684
\$183	\$712	\$50	\$762	\$228,625	\$147	\$676	\$50	\$726	\$217,944	\$140	\$669	\$50	\$719	\$215,808
\$183	\$712	\$50	\$762	\$102,881	\$147	\$676	\$50	\$726	\$98,075	\$140	\$669	\$50	\$719	\$97,113
<b>subtotal</b>					<b>subtotal</b>					<b>subtotal</b>				
				\$2,259,455					\$2,149,829					\$2,127,904
<b>Total Monthly:</b>				\$4,250,607	<b>Total Monthly:</b>				\$4,044,199	<b>Total Monthly:</b>				\$4,002,917
<b>Total Annual:</b>				\$51,007,280	<b>Total Annual:</b>				\$48,530,386	<b>Total Annual:</b>				\$48,035,007
Current Annual Cost Using Current Board Rate (\$529/mo):				\$38,145,132	Current Annual Cost Using Current Board Rate (\$529/mo):				\$38,145,132	Current Annual Cost Using Current Board Rate (\$529/mo):				\$38,145,132
FY 2014 Clothing Budget Allowance				\$1,469,400	FY 2014 Clothing Budget Allowance				\$1,469,400	FY 2014 Clothing Budget Allowance				\$1,469,400
<b>Add'l Funds Needed Annually for Board Rate Increase</b>				\$11,392,748	<b>Add'l Funds Needed Annually for Board Rate Increase</b>				\$8,915,854	<b>Add'l Funds Needed Annually for Board Rate Increase</b>				\$8,420,475

\* does not include cost of Foster Children receiving difficulty of care  
 \*\* does not include number of Foster Children in Higher Ed and Voluntary Foster Care  
 filename: Lisa's Analysis rev 1-13-14 (USDA 2011, higher ed, FC to 21)

NOTE: 2014 legislative testimony based upon the 2011 USDA estimates. Option #2 chosen by DHS to be the New Foster Board Payments which is based upon meeting 95% of the USDA estimates.

Current Board Rate			
Age of Child	Net Amt increased	Current Board Rate with No Increase	Monthly Cost Using Current Board Rate*
0 - 5	\$0	\$529	\$468,165.00
6 - 11	\$0	\$529	\$1,081,805.00
12+**	\$0	\$529	\$1,628,791.00
<b>Total Monthly:</b>			\$3,178,761.00
<b>Total Annual:</b>			\$38,145,132.00

\* does not include cost of Foster Children receiving difficulty of care  
 \*\* does not include number of Foster Children in Higher Ed and Voluntary Foster Care

DAVID M. LOUIE 2162  
Attorney General of Hawaii

CARON M. INAGAKI 3835

JOHN F. MOLAY 4994

DONNA H. KALAMA 6051

DANA A. BARBATA 9112

Deputy Attorneys General  
Department of the Attorney  
General, State of Hawaii  
425 Queen Street  
Honolulu, Hawaii 96813  
Telephone: (808) 586-1494  
Facsimile: (808) 586-1369  
Email: Caron M. Inagaki@hawaii.gov  
John.F.Molay@hawaii.gov  
Donna.H.Kalama@hawaii.gov  
Dana.A.Barbata@hawaii.gov

Attorneys for Defendant  
PATRICIA MCMANAMAN, in her official  
capacity as the Director of the Hawaii  
Department of Human Services

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF HAWAII**

PATRICIA SHEEHEY, PATRICK  
SHEEHEY, RAYNETTE AH CHONG,  
individually and on behalf of the class  
of licensed foster care providers in the  
state of Hawaii,

Plaintiffs,

vs.

PATRICIA MCMANAMAN, in her  
official capacity as the Director of the

CIVIL NO. CV 13-00663 LEK-KSC

DEFENDANT'S RESPONSE TO  
PLAINTIFFS' FIRST SET OF  
INTERROGATORIES TO  
DEFENDANT PATRICIA  
MCMANAMAN; CERTIFICATE OF  
SERVICE



Hawaii Department of Human Services,

Defendants.

DEFENDANT'S RESPONSE TO PLAINTIFFS' FIRST SET OF INTERROGATORIES TO DEFENDANT PATRICIA MCMANAMAN

Defendant, Patricia McManaman, responds to Plaintiffs' First Set of Interrogatories to Patricia McManaman as follows:

INTERROGATORY NO. 1

For each type of Payment HDHS currently makes available to Hawai'i-licensed foster parents in addition to the basic \$529 foster care maintenance payment, describe the purpose of the type of payment, how each type of Payment is currently administered, and how and by whom requests for Payments are made, evaluated, granted or denied.

RESPONSE:

In addition to the information provided below see also HAR chapter 17-1617 Foster Care Maintenance and Related Payments, and CWS Procedure Manual: Part V, Section 2 State Funded Foster Care Maintenance Payments and 2.5 Clothing Costs; Part V, Section 4 Foster Care Related and Difficulty of Care Payment and the December 13, 2013 ICF (Internal Communication Form) re Increase in clothing Allowance for Foster Children, Legal Guardianship Children,

and Higher Education Participants. A copy of the referenced portions of the CWS Procedure Manual will be made available to Plaintiffs for inspection and copying.

- **Difficulty of Care [DOC] payments**

- Purpose: support / facilitate the provision of additional care and supervision for children who need an increased level of care due to physical, mental, emotional or behavioral conditions.
- Administration:
  - Eligibility:
    - Child under DHS placement responsibility;
    - Child is placed with a licensed resource caregiver, group home or child caring institution;
    - Child is in need of an increased level of care due to physical, mental, emotional or behavioral conditions;
    - Qualified professional [*e.g.*, psychologist, medical doctor, therapist] provides written verification of the child's increased needs and determines that the additional care and supervision are necessary as part of a treatment plan
    - Resource caregivers are capable of providing for the child's needs by virtue of education, special training, or experience.
- Requests for payment: caregiver may request DOC via an application [DHS 1581] with supporting documentation from a qualified professional other than the DHS worker
- Authorization: requests are evaluated and preliminary determination made by DHS/CWS unit staff; unit supervisor makes final determination [approval/denial].

- **Clothing allowance**

- Purpose: to ensure each child has appropriate & sufficient clothing
- Administration:
  - Eligibility:
    - Children 0 – 18 years in foster care under DHS placement responsibility
  - Process:

- The annual allocation of \$600 is to be provided to the caregivers within the state fiscal year [SFY] which begins on July 1 and ends on June 30.
- For initial clothing allowances, the quarter of the SFY during which the child enters care determines the amount of the clothing allowance available for that year. As shown in the following table, a child placed in August would have an allowance of \$600, while a child placed in November would have an allowance of \$450.

Placed during:      July-Sept -\$600 allowance  
   Oct-Dec-\$450 allowance  
   Jan-Mar-\$300 allowance  
   Apr-Jun-\$150 allowance

Based on the child's needs, the worker in consultation with the resource parent will decide the amount of the initial allowance, and when the remainder of the clothing purchases will be made throughout the year

- Upon placement into a new home, the worker will review the child's clothing needs with the new caregiver and, as needed, issue an allowance to ensure that the child has sufficient clothing
  - For maintenance and replacement clothing, the worker will issue clothing allowances in July/August at the beginning of the school year and approximately six months later in January/February
  - The actual timing of the issuance may vary slightly, depending on the school schedule and the child's age and needs, as long as the allotted amount of \$600 is issued for the child's clothing by the end of the state fiscal year on June 30
  - In addition to the \$600 annual allowance, an allowance for special circumstances or events, such as proms and sport uniforms, may be issued. The annual ceiling limit is up to \$125 per child.
- Requests for payment: Clothing is to be offered by CWS worker and may also be requested by the resource caregiver at any time. Request by resource caregiver may be written or verbal.

- Authorization: Clothing allowances in accordance with the CWS procedures may be authorized at the CWS Unit worker level.
- **Transportation allowance/reimbursement**
  - Purpose: support / facilitate child's participation in activities such as school, medical/psychological treatment and resource caregiver's participation in meetings/trainings.
  - Administration:
    - Eligible costs:
      - School bus fare or private car mileage: allowance for a child in out-of-home care and attending school where free school transportation is not available; allowance to obtain medical care including physical examination, psychiatric and psychological therapy, when other resources are not available.
      - Minimum cost of transportation for foster parents to attend authorized meetings or training sessions that will enhance the foster parents' care of foster children
      - Minimum cost of transportation for child visitation with parents applies to costs for children to visit with their parents when this is part of a case plan.
  - Requests for payment: requests may be made by the youth for a bus pass for the local municipal transit system, or by the resource caregiver for a bus pass for the youth or for reimbursement for mileage for eligible activities.
  - Authorization: transportation payments in accordance with the CWS procedures may be authorized at the CWS Unit worker level
- **Medical costs**
  - Purpose: to support the health and safety of the child and the resource caregiver
  - Administration:
    - Eligibility:
      - Child is under the placement responsibility of the Department
      - Placement is with an approved resource caregiver

- As a result of the child's condition/situation, cleaning supplies, special immunizations, testing or treatment is needed to ensure the child's and resource caregivers' well-being.
    - Need must be established by the Department worker
  - Requests for payment: requests for payment may be made by the resource caregiver. Request by resource caregiver may be written or verbal.
  - Authorization: requests are evaluated and determination made by DHS/CWS unit staff.
- **Group activity fees for organized group activities**
  - Purpose: to support the child's growth and development
  - Administration:
    - Eligibility:
      - Child under DHS placement responsibility
      - Group activity, *e.g.*, Scouts, YM/WCA, Community organized sports,
      - Use of the group activity fee benefit not allowed for individual activities such as individual music lessons or sports/activity instruction
      - Activity has been determined by the worker as necessary for the child's growth and development
  - Requests for payment: requests may be made by the resource caregiver. Request may be written or verbal.
  - Authorization: requests are evaluated and determination made by DHS/CWS unit staff. Benefit is authorized at the unit level.
- **Respite**
  - Purpose: To help support resource caregivers and a child's placement. Administration: Provided to resource caregivers caring for children under DHS placement responsibility for an interval of rest or relief or crisis, such as an illness, hospitalization or death.
  - Administration:
    - Eligibility:
      - Child under DHS placement responsibility
      - Licensed resource caregiver
  - Requests for payment: requests may be made by the resource caregiver. Request may be written or verbal.
  - Authorization: requests are evaluated and determination made by DHS/CWS unit staff. Benefit is authorized at the unit level.

- **Completion Award**
  - Purpose: demonstrate appreciation for resource caregivers who have successfully completed unconditional licensure or unconditional renewal licensures.
  - Administration:
    - Eligibility:
      - Completion of unconditional licensure
      - Completion of unconditional renewal licensure
  - Requests for payment: request is not needed
  - Authorization: Benefit is authorized at the unit level.
- **Liability Insurance**—DHS provides limited protection for the resource giver against unintentional bodily injury and accidental property damage of others cause by the foster child.
- **Project First Care Payments:** \$500 enhancement payments and \$500 when a child is successfully reunified (special, short-term, emergency placement with focus on immediate family)

Additional – non-CWS benefits

- **Child Care:** resource caregivers may be eligible for child care subsidy for foster child in their care when the resource caregivers are employed, or participating in educational or training programs
- **Enhancement funds:** Geist Foundation through the Family Programs Hawaii – limited to \$500 per child per year. Funds may be sought for extracurricular/social activities, hobbies, camps and other enhancements

INTERROGATORY No. 2

Describe the process and criteria by which HDHS determines the amounts of each type of Payment identified in Your answers to Interrogatory No. 1, including how the Payment amounts are determined, whether Payment amounts vary according to the specific circumstances of the child for whom the payments are

being made, and the persons with knowledge of or involvement in determining the amounts of such Payments.

RESPONSE:

- **Difficulty of Care [DOC] payments**
  - Benefit amount range: \$570/month maximum
  - Determination of benefit amount:
    - Application details the monthly number of hours during which the resource caregiver provides the additional care, supervision and support activities, up to a maximum of 120 hours per month.
    - Benefits amount is based on a rate of \$4.75 times the number of hours of additional services.
  - Who determines benefit amount: application is reviewed by unit staff who make a recommendation to the unit supervisor for approval.
  - Amount also based on a physician's or therapist's assessment of additional care needed by child.
- **Clothing allowance**
  - Benefit amount range: Benefit is established at \$600/year /child
  - Determination of benefit amount:
    - Initial benefit is based on proration based on date of entry
    - On-going benefits = \$600/year
    - Requests for additional allowance are considered on a case-by-case basis depending on the needs & situation of the child. Any request for exceptions to exceed the annual allotment due to extraordinary circumstances (e.g., weight gain/loss; extreme growth spurts, mandatory school uniforms, or chronic runaways with loss of clothing) shall require the prior authorization of the supervisor
  - Who determines benefit amount: benefits are determined and issued at the unit level
- **Transportation allowance/reimbursement**
  - Benefit amount range:
  - Determination of benefit amount:
    - Bus passes are issued at prevailing rate

- Mileage reimbursement is issued at the prevailing State mileage reimbursement rate. Current rate is \$.56/mile.
  - Who determines benefit amount: benefits are determined and issued at the unit level
  
- **Medical costs**
  - Benefit amount range: Up to \$500 per incident or \$500 per person
  - Determination of benefit amount: Based on the cost for needed supplies or treatment, up to the maximum allowable.
  - Who determines benefit amount: DHS staff, based on information from and discussion with the resource caregiver
  
- **Group activity fees for organized group activities**
  - Benefit amount range:
  - Determination of benefit amount: Based on the cost of the identified activities
  - Who determines benefit amount: benefits are determined and issued at the unit level
  
- **Respite**
  - Benefit amount range: Maximum amount = \$250
  - Determination of benefit amount: \$25/day w/max 10 days /child /resource home. = 24 hrs. An hourly rate is used when the respite care is provided for less than 12 hours in one day; a daily rate when respite is provided for more than 12 hours in one day.
  - Who determines benefit amount: benefits are determined and issued at the unit level
  
- **Completion Award**
  - Benefit amount range: \$100 gift card
  - Determination of benefit amount: set amount
  - Who determines benefit amount: benefits are determined and authorized at the unit level



### INTERROGATORY No. 3

Describe all steps or measures that HDHS has taken from 1990 to the present:

- to periodically review amounts paid as foster care maintenance payments and adoption assistance to assure their continuing adequacy under the Child Welfare Act; and
- to assure that at all times the foster care maintenance payments made to Hawaii's foster care providers were (and are now) sufficient to cover the actual costs of (and 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 for foster children placed with foster care providers.

### RESPONSE:

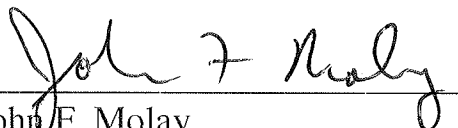
Objection: Defendant objects to describing “all steps or measures the HDHS has taken from 1990 to the present” with respect to review of amounts paid to foster care providers or to assure the payments made were in compliance with federal law. Defendant notes that this interrogatory appears to be designed to harass the employees of the Hawaii Department of Human Services because the Department chose to not “partner” with Plaintiffs’ counsel in approaching the Hawaii State Legislature in the 2014 session. The Department had already made decisions as to the most appropriate manner in which foster care maintenance payments should be made and chose to not allow private law firms to set public policy, but chose to have those decisions made by persons elected by the citizens of

the State of Hawaii, the executive and legislative branches of Hawaii State government. Further, this information is irrelevant to Plaintiffs' action. There is no "state of mind" component to 42 U.S.C. § 675(4)(A). "Improperly" determining the adequacy and appropriateness of amount of foster care maintenance payments, while paying amounts that comply with federal law, does not create liability. Likewise, "properly" determining the adequacy and appropriateness of amount of foster care maintenance payments, while paying amounts that do not comply with federal law, does not act as a defense. This action is not for damages for past behavior, but for prospective injunctive relief.

Searching for documents which would provide the information sought by Plaintiffs would be burdensome and oppressive, and would entail assigning several persons from DHS to search for numerous physical files which may or may not exist, given the time frame involved. Assuming the files exist, and can be found, it would take numerous man-hours to search each file and compile the information sought. This would be excessively burdensome in light of the irrelevance of the information sought. As noted in the Advisory Committee Notes to the 2000 Amendments to FRCP, Rule 26: "The rule change signals to the court that it has the authority to confine discovery to the claims and defenses asserted in the pleadings, and signals to the parties that they have no entitlement to discovery to develop new claims or defenses that are not already identified in the pleadings. In

general, it is hoped that reasonable lawyers can cooperate to manage discovery without the need for judicial intervention. When judicial intervention is invoked, the actual scope of discovery should be determined according to the reasonable needs of the action.” The Defendant specifically objects to a burdensome review of irrelevant, outdated, and voluminous ESI to obtain this information.

However, in the spirit of discovery and cooperation, the Defendant will provide information relating to obtaining funds to raise foster care maintenance payments from 2009 until the present.

  
\_\_\_\_\_  
John F. Molay  
Deputy Attorney General  
Attorney for Defendant

Following the 2013 Hawaii State 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 recommended 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 included the Department's request for funding for increasing foster care board payments. Following the passage of the Executive budget, the Department will be implementing the new monthly board rates effective July 1, 2014 in accordance with the following age tiers:

- 0 – 5 years                      \$576
- 6 – 11 years                     \$650
- 12 years & older                \$676

The foster care maintenance payment rates were reviewed at least annually in conjunction with bills being introduced to increase the board rate in Legislative Sessions from at least 2009. All testimony and budgets are available online at the Legislative website [<http://www.capitol.hawaii.gov/>].

- Leg. Session 2013: HB 986, SB 59  
The Department of Human Services supported the intent of the bills but expressed concern about the fiscal impact, as they would require an additional appropriation of State general funds. The DHS estimated that if the board rate were to be raised by \$75 per month, an additional \$5,298,300 per year in State general funds that would need to be appropriated. The foster board rate is the benchmark for adoption assistance, permanency assistance and higher education board allowance payments.
- Leg. Session 2012: HB 724
- Leg. Session 2011: HB 724

The Department of Human Services appreciated the intent of this measure; however, given the State's then current fiscal situation, we respectfully opposed the bill because it would require an additional appropriation of State general funds. DHS estimated that if the foster board rate were to be raised by \$50 per month, an additional \$3.7 million per year in State general funds would need to be appropriated.

Passage of this bill without an appropriation would require the Department to divert existing funds from other critical programs, such as the differential response programs which would essential shred the safety net for our families and children.

The foster board rate is the benchmark for adoption assistance, permanency assistance and higher education board allowance payments: an increase in the basic foster board rate would also require an increase in the benefit amounts for each of these programs.

- Leg. Session 2010: SB 186
- Leg. Session 2009: HCR 240, HR 209, SB 186

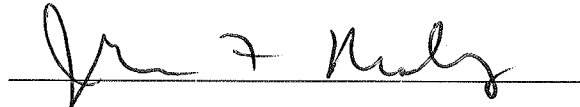
The Department of Human Services appreciates the intent of SB 186; however, given the then current fiscal difficulties, we respectfully opposed this bill because it would not be prudent to pursue enactment at that time.

DATED: Honolulu, Hawaii, June 27, 2014

STATE OF HAWAII

DAVID M. LOUIE

Attorney General of Hawaii

A handwritten signature in black ink, appearing to read "John F. Molay", is written over a horizontal line.

JOHN F. MOLAY

Deputy Attorney General

Attorney for Defendant

PATRICIA MCMANAMAN, in her  
official capacity as the Director of the  
Hawaii Department of Human Services

DOUGLAS S. CHIN 6465  
Attorney General of Hawaii

CARON M. INAGAKI 3835

DONNA H. KALAMA 6051

DANA A. BARBATA 9112

Deputy Attorneys General  
Department of the Attorney  
General, State of Hawaii  
425 Queen Street  
Honolulu, Hawaii 96813  
Telephone: (808) 586-1494  
Facsimile: (808) 586-1369  
Email: Caron M. Inagaki@hawaii.gov  
Donna.H.Kalama@hawaii.gov  
Dana.A.Barbata@hawaii.gov

Attorneys for Defendant  
RACHAEL WONG, DrPH, in her official  
capacity as the Director of the Hawaii  
Department of Human Services

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF HAWAII**

PATRICIA SHEEHEY, PATRICK  
SHEEHEY, RAYNETTE AH CHONG,  
individually and on behalf of the class of  
licensed foster care providers in the state of  
Hawaii,

Plaintiffs,

vs.

RACHAEL WONG, DrPH, in her official  
capacity as the Director of the Hawaii  
Department of Human Services,

Defendant.

CIVIL NO. CV13-00663 LEK-KSC

**DEFENDANT'S FIRST  
SUPPLEMENTAL RESPONSE TO  
PLAINTIFFS' FIRST SET OF  
INTERROGATORIES TO  
DEFENDANT PATRICIA  
MCMANAMAN**

**DEFENDANT'S FIRST SUPPLEMENTAL RESPONSE TO  
PLAINTIFFS' FIRST SET OF INTERROGATORIES TO  
DEFENDANT PATRICIA MCMANAMAN**

Defendant Rachael Wong, DrPH, in her official capacity as the Director of the Department of Human Services ("Defendant"), hereby supplements her Response to Plaintiffs' First Set of Interrogatories to Defendant Patricia McManaman (the "Request").

**GENERAL OBJECTIONS**

1. These responses are made based upon the best information available to Defendant as of the date of this response. Discovery and investigation are ongoing, and Defendant reserves the right to further supplement this response, and to make use of, or introduce as evidence at trial, any information produced or disclosed to Plaintiffs or discovered through discovery or investigation subsequent to the date of this response.

2. Defendant objects to the Request and each individual interrogatory to the extent that they ask for the disclosure of privileged communications, information that is protected work product, and information concerning documents and tangible things prepared in anticipation of litigation or trial.

3. Defendant objects to each interrogatory to the extent that it is unreasonably burdensome, oppressive or vexatious in that the information



requested would be of little or no relevance to the issues in this action and would place an unreasonable and oppressive burden on Defendant in expenditure of cost, time and money.

4. Defendant objects to each interrogatory that is so broad, uncertain and unintelligible that Defendant cannot determine the nature of the information sought, and to which Defendant is therefore unable to respond.

5. Defendant does not concede that any of her responses will be admissible evidence at trial. Further, Defendant does not waive any objections, whether or not stated herein, to the use of such responses at trial.

6. Defendant does not waive any of her original objections to the Request, but rather incorporates and re-asserts each and every objection in her original Response to the Request.

7. By way of this First Supplemental Response, Defendant supplements her original responses to Interrogatories 1 and 2. Defendant may supplement Interrogatory 3 at a later date.

DATED: Honolulu, Hawai`i, May 6, 2015



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DONNA H. KALAMA  
DANA A. BARBATA  
Deputy Attorneys General

Attorneys for Defendant  
RACHAEL WONG, DrPH, in her  
official capacity as the Director of the  
Hawaii Department of Human  
Services

## SPECIFIC OBJECTIONS AND RESPONSES

### Interrogatory No. 1

For each type of Payment DHS currently makes available to Hawai'i-licensed foster parents in addition to the basic \$529 foster care maintenance payment, describe the purpose of the type of payment, how each type of Payment is currently administered, and how and by whom requests for Payments are made, evaluated, granted or denied.

### Interrogatory No. 2

Describe the process and criteria by which HDHS determines the amounts of each type of Payment identified in Your answers to Interrogatory No. 1, including how the Payment amounts are determined, whether Payment amounts vary according to the specific circumstances of the child for whom the payments are being made, and the persons with knowledge of or involvement in determining the amounts of such Payments.

### Supplemental Response:

Defendant hereby supplements her initial responses to Interrogatories 1 and 2 by replacing those responses with the responses herein. The answers or parts of the answers to Interrogatories 1 and 2 may be determined by examining records that are being produced herewith, were already produced to Plaintiffs, or are equally available to Plaintiffs. Plaintiffs are referred to those records pursuant to FRCP Rule 33(d).

The foster care maintenance payment consists of the monthly basic board rate and, where appropriate, Difficulty of Care payments. Defendant notes that the monthly basic board rate is not \$529 per month. Effective July 1, 2014, the monthly basic board rates are as follows:

0-5 years	\$576
6-11 years	\$650
12 years and older	\$676

The State provides and makes available a full range of payments, benefits, and other resources to support children in foster care and young adults who have exited foster care. The monthly basic board rate is just one of those resources.

### **Difficulty of Care payments**

Difficulty of care payments or difficulty of care (DOC), are payments in addition to the basic board rate based on the level of care and supervision a child requires as determined by an assessment of the child's level of overall functioning. HAR § 17-1617-2.

- **Purpose of benefit:** To support/facilitate the provision of additional care and supervision for a child who requires an increased level of care and supervision that is over and above the average level needed by a child due to physical or mental health conditions, or emotional, psychological, or behavioral needs, which are being treated by a professional; or when the child requires academic or educational assistance that is over and above the average assistance needed for a child as documented by appropriate school personnel.
- Administration of benefit:
  - **Eligibility:**
    - The child is under DHS placement responsibility;
    - The child is placed with a licensed resource caregiver or approved relative home;
    - The child is in need of an increased level of care due to physical, mental, emotional or behavioral conditions;
    - A qualified professional (e.g., psychologist, medical doctor, therapist) other than the DHS worker provides written verification of the child's increased needs and determines that the additional care and supervision are necessary as part of a treatment plan;
    - The resource caregiver is capable of providing for the child's needs by virtue of education, special training, or experience.
- Requests for benefit: A resource caregiver may request DOC via an application [DHS 1581] with supporting documentation from a qualified professional other than the DHS worker.
- Authorization of benefit: Requests are evaluated and preliminary determination made by DHS/CWS (Child Welfare Services) unit staff; the unit supervisor makes the final determination.
- Benefit amount range: \$570 per month maximum.

- Determination of benefit amount:
  - The application for DOC details the monthly number of hours during which the resource caregiver provides the additional care, supervision and support activities, up to a maximum of 120 hours per month. The number of hours is based on a physician's or therapist's assessment of the amount of additional care needed by the child.
  - The benefit amount is based on a rate of \$4.75 times the number of hours of additional services (up to 120 hours per month).
- Who determines benefit amount: Based on a review of the application, unit staff make a recommendation to the unit supervisor for approval. See HAR chapter 17-1617, CWS Procedures Manual Ch. 5, Sec. 4, SOH012671 - SOH012684, for further information.

### **Clothing**

- **Purpose of benefit:** To ensure each child has appropriate and sufficient clothing.
- Administration of benefit:
  - **Eligibility:** An annual clothing allowance of \$600 shall be provided for (1) each child who is under the placement responsibility of DHS, including young adults in the voluntary care to 21 program, and their children; (2) young adults who are participating in DHS' higher education program; and (3) each child who was formerly under the placement responsibility of DHS and Legal Guardianship was then awarded to a Caregiver, including young adults in the Extended Assistance program.
  - Process:
    - The annual allocation of \$600 is to be provided within the state fiscal year which begins on July 1 and ends on June 30.
    - For initial clothing allowances, the quarter of the state fiscal year during which the child enters care determines the amount of the clothing allowance available for that year. A child placed from July to September would have an allowance of \$600, a child placed from October to December would have an allowance of \$450, a child placed from January to March would have an allowance of \$300, and a child placed from April to June would have an allowance of \$150.
    - Based on the child's needs, the DHS social worker in consultation with the resource caregiver will decide the amount

- of the initial allowance, and when the remainder of the clothing purchases will be made throughout the year.
- When there is a change in placement, the caregiver with whom the child had been living should provide all of the child's clothing and personal items. Upon placement into a new home, the worker will review the child's clothing needs with the new caregiver and, as needed, issue an allowance to ensure that the child has sufficient clothing.
  - For maintenance and replacement clothing, the worker will issue clothing allowances at the beginning of the school year and approximately six months later, with actual timing to be determined depending on the child's school schedule, age and needs.
  - Diapers are an allowable expense to be included in the annual clothing allowance, as appropriate for the child's age and developmental level.
  - School uniforms and t-shirts are an allowable expense.
- Requests for benefit: To initiate clothing purchases, the resource family and worker should discuss the method by which the purchases will be funded. Presently available options include the following: (1) the resource family is provided with a purchase order made out to a specific vendor that accepts DHS purchase orders; (2) the resource family purchases clothing first and seeks reimbursement from DHS by providing receipts verifying the purchase; (3) a DHS staff member who holds a Pcard takes the child shopping, with the knowledge and permission of the caregiver; (4) a check is issued to the resource family to be used for clothing purchases and the family provides receipts verifying proper use of the check once the clothing purchase is completed.
  - Authorization of benefit: Clothing allowances may be authorized at the unit level.
  - Benefit amount range: The benefit amount is \$600 per year per child (or \$725 per year per child if special circumstances clothing is requested and approved). As noted above, the actual amount of the benefit depends on what month the child enters care.
    - In addition to the \$600 annual allowance, an allowance for special circumstances or events, such as proms and sport uniforms, may be issued of up to \$125 per year per child.
    - Exceptions to exceed the annual allotment can be made due to extraordinary circumstances (e.g., weight loss/gain; extreme growth spurts, mandatory school uniforms, or chronic runaways

with loss of clothing), with the prior authorization of the unit supervisor.

- Actual clothing allowance usage will vary depending on how long the child is in care, the child's needs, the clothing the child already has, and whether/how often the resource family utilizes the allowance.
- Determination of benefit amount: Described above.
- Who determines benefit amount: Benefits are determined and issued at the unit level, in consultation with the resource caregiver. Persons involved in determining the amount include the social worker, the social service assistant, the resource caregiver, and the unit supervisor. Requests for purchase orders, checks, or reimbursements are processed by the social service assistant, and approved by the supervisor. See HAR chapter 17-1617, and CWS Procedures Manual Ch. 5, Sec. 2.5, SOH012626 - SOH012631, for further information.

#### **Transportation allowance/reimbursement**

- **Purpose of benefit:** To support/facilitate a child's attendance and participation in certain activities (such as school) and a resource caregiver's attendance and participation in foster-care related meetings and trainings.
- Administration of benefit:
  - **Eligible costs:**
    - School bus fare or private car mileage reimbursement for a child in out-of-home care to attend a school for which free school transportation is not available. (See DOE web site for information on DOE-sponsored bus transport; when DOE bus transport is appropriate/available, foster children qualify for a free bus pass, <http://www.hawaiipublicschools.org/BeyondTheClassroom/Transportation/RidingtheBus/Pages/home.aspx>; see SY 2014-2015 School Bus Handbook, SOH012779 - 012786, downloaded from DOE's website and produced herewith.)
    - Bus fare or private car mileage for a child in out-of-home care to obtain medical care including physical examinations, and psychiatric and psychological therapy when other resources are not available.
    - Minimum cost of transportation for a child in out-of-home care to visit his/her parents when this is part of the child's case plan.

- Minimum cost of transportation for resource caregivers to attend authorized meetings or training sessions that will enhance the resource caregivers' care of foster children.
- Requests for benefit: Requests may be made by the youth for a bus pass for the local municipal transit system; or the resource caregiver may request a bus pass or may request reimbursement for mileage for eligible activities.
- Authorization of benefit: Transportation payments in accordance with CWS procedures may be authorized at the CWS unit worker level.
- Benefit amount range: Transportation payments vary according to the particular type of travel for which payment is sought. Mileage reimbursement is issued at the prevailing State mileage reimbursement rate, which is currently 58 cents per mile. Thus, if mileage reimbursement is sought, the reimbursement amount depends on the number of miles traveled. If a bus pass is provided, the cost of the bus pass depends on how much the transportation authority charges for the pass at the time it is purchased.
- Who determines benefit amount: Payments/benefits are determined and issued at the unit level, in consultation with the resource caregiver. Persons involved in determining the amount include the social worker, the social service assistant, the resource caregiver, and may include the supervisor. Requests for checks or reimbursements are handled by the social service assistant.

See HAR chapter 17-1617, including §§ 17-1617-4(a)(2) – (a)(5), (a)(8); CWS Procedures Manual Ch. 5, Sec. 4, SOH012673 – SOH012675, for further information.

### **Special Supplemental Nutrition Program for Women, Infants and Children (WIC)**

- **Purpose of benefit:** WIC is a federally-funded program administered by the Hawaii Department of Health (DOH) in accordance with the requirements of federal law. WIC provides eligible Hawaii residents with nourishing supplemental foods, nutrition education, and health and social services referrals, among other things.
- Administration of benefit:
  - **Eligibility:** Contact DOH for specific eligibility requirements. DHS understands that pregnant, breastfeeding or postpartum women, and infants and children under age five (benefits for children are provided up to the month of their fifth birthday) who



have medical or nutritional risk are eligible, and that foster children are generally determined to be eligible for WIC benefits.

- Requests for Benefit: To certify a foster child as eligible for WIC benefits, the resource caregiver follows the WIC application process. Since this is a DOH-administered benefit, specific information about WIC can be obtained by contacting DOH, (808) 586-8175, or consulting the DOH web site, [health.hawaii.gov/wic](http://health.hawaii.gov/wic). A copy of a WIC brochure describing how to apply for WIC, downloaded from DOH's website, SOH012843 – SOH012844, is produced herewith.
- Authorization of benefit: Contact DOH for information. DHS understands that eligibility for WIC benefits is determined by DOH and authorized professionals of local WIC agencies in accordance with federal eligibility requirements. Foster children automatically meet income criteria.
- Benefit amount range: Contact DOH for information. DHS understands that types and amounts of benefits are determined based on the needs of the child in accordance with federal requirements. See 7 C.F.R. Part 246 (esp. subpart D).
- Determination of benefit amount: Contact DOH for information. DHS understands that benefits are determined based on the needs of the child in accordance with federal requirements. See 7 C.F.R. Part 246.
- Who determines benefit amount: Contact DOH for information. DHS understands that WIC personnel determine benefit amount.

### **School Meals**

- **Purpose of benefit:** To provide nutritious lunches, and breakfasts where available, for children in elementary and secondary school during the school year.
- Administration of benefit: School meals for public schools are provided by the Department of Education. HRS § 302A-404. Foster children are automatically eligible for free school meals.
- Requests for benefit: DHS and the DOE coordinate to notify the child's school that the child is a foster child (and therefore should receive free meals). This enables the child to receive school-provided meals without cost to the resource caregiver. If for some reason the DOE does not receive notification that the child is a foster child, the resource caregiver can make an inquiry directly with the school to make note of the child's status.
- Authorization of benefit: No specific authorization is required. Foster children are automatically eligible for free school meals.

- Benefit amount range: Since this is a DOE-administered benefit, information on the amount of this benefit can be obtained from the DOE. However, DHS understands that the price of school lunches and breakfasts for the current school year are as follows, and that there are 182 student school days in the current school year:

Lunch

Elementary (K-8): \$2.25  
Secondary (9-12): \$2.50

Breakfast

Elementary (K-8): 1.00  
Secondary (9-12): 1.10  
See SOH012795 – SOH012796, produced herewith.

DHS further understands that the cost to produce the meals for fiscal year 2013-2014 is as follows:

Lunch: \$5.51  
Breakfast: \$2.32

See SOH012794, produced herewith.

- Determination of benefit amount: This is determined by DOE. DOE should be contacted for information on how it determines price and cost of meals. See also HRS § 302A-405.
- Who determines benefit amount: This is determined by DOE.

### **Medical costs and supplies**

- **Purpose of benefit:** To support the health and safety of the child and the resource caregiver.
- **Administration of benefit:**
  - **Eligibility:**
    - The child is under the placement responsibility of the DHS.
    - Placement is with an approved resource caregiver.
    - As a result of the child's condition/situation, cleaning supplies, special immunizations, testing or treatment are needed to ensure the child's and resource caregiver's well-being.
- **Requests for benefit:** Requests for payment may be made by the resource caregiver to DHS, and may be written or verbal.
- **Authorization of benefit:** Requests are evaluated and a determination made by DHS/CWS unit staff.
- **Benefit amount range:** Up to \$500 per incident or \$500 per person.

- Determination of benefit amount: The amount is based on the cost for needed supplies or treatment, up to the maximum allowable.
- Who determines benefit amount: DHS staff, based on information from and discussion with the resource caregiver.

See HAR § 17-1617-4(a)(9); CWS Procedures Manual Ch. 5, Sec. 4.4.6, SOH012675, for further information.

## **Medicaid**

- **Purpose of benefit:** To provide insurance coverage to obtain health and behavioral health services for foster children.
- Administration of benefit: Foster children who meet the requirements for the State to claim Title IV-E federal financial participation are automatically eligible for Medicaid, which is provided by DHS through its MedQuest Division. See also CWS Procedures Manual Ch. 3, Sec. 4.9, SOH012174 – SOH012184, for further details on Health Services for Foster Children; see also HAR § 17-1711.1-10(2), and generally see the Administrative Rules of the DHS MedQuest Division.
- Requests for benefit: Foster children are enrolled by DHS in Medicaid when the child enters foster care. Resource caregivers need not make a request or application.
- Authorization of benefit: As noted above, foster children are automatically eligible for Medicaid.
- Benefit amount range: The amount of the capitation rates (premiums) for Medicaid varies. The current costs for foster children are set forth in SOH012817 – SOH012821, produced herewith. Foster children are provided with services under the Early Periodic Screening, Diagnosis, and Treatment (EPSDT) Program of Medicaid. The costs and value of particular health care services utilized by a foster child are specific to each child.
- Determination of benefit amount: Capitation rates (premiums) are determined by agreement between DHS (using an actuarial process) and insurers, subject to federal oversight. The costs of health care services (utilization) are generally determined by agreement between insurers and health care providers.
- Who determines benefit amount: Capitation rates are determined by agreement between DHS and insurers, subject to federal oversight. The costs of health care utilized by foster children are generally determined by agreement between insurers and health care providers.

## **Public School**

During school days and school hours, public schools provide daily supervision and education for elementary and secondary school-aged children, including foster children. HRS § 302A-1132. The public school system is run by the Department of Education (DOE). HRS § 302A-1128. Plaintiffs should contact the DOE if they have questions regarding the administration of the public schools.

## **After School Care for public school children grades K-6**

- **Purpose of benefit:** The Department of Education's After-School Plus (A+) Program provides after school child care services to children in the public elementary schools whose parents work, attend school, or are in job training programs. Foster children may attend A+ without charge to their resource caregivers.
- **Administration of benefit:** A+ is administered by the Department of Education. See A+ Parent Handbook, SOH012824 - 012841, downloaded from DOE's website and produced herewith. **Eligibility for enrollment in A+ is determined by the DOE.**
- **Requests for benefit:** DHS will make a referral to the DOE that the foster child is approved to receive A+ Child Care Services without charge to the resource caregiver. See SOH012842, produced herewith.
- **Authorization of benefit:** Acceptance into the A+ program is determined by the DOE.
- **Benefit amount range:** Since A+ is run by the DOE, the DOE should be contacted for detailed information on this benefit. However, DHS understands that the DOE currently charges \$85 per month per child while school is in session to attend A+.
- **Who determines benefit amount:** The amount charged for A+ for each school year is determined by the DOE.

## **Activity Fees**

- **Purpose of benefit:** To support the child's growth and development. Activities may also serve the dual purpose of providing supervision while the child is participating in the activities (e.g., after-school activities when the resource caregiver works or attends school).
- **Administration of benefit:**
  - **Eligibility:**
    - Child under DHS placement responsibility;

- Activity has been determined by the worker as necessary for the child's growth and development.
  - Requests for benefit: Requests may be made by the resource caregiver either in writing or verbally.
  - Authorization of benefit: Requests are evaluated and a determination made by DHS/CWS unit staff. Benefit is authorized at the unit level.
  - Benefit amount range: The benefit amount is based on the cost of the approved activity and therefore varies from child to child, activity to activity.
  - Determination of benefit amount: The cost of the activity is determined by the organization providing the activity.
  - Who determines benefit amount: The cost of the activity is determined by the organization providing the activity.
- See HAR §§ 17-1617-4(a)(6)-(7).

### **Child Care**

- **Purpose of benefit:** Child Care Connection Hawaii (CCCH) is a child care subsidy program that helps low-income families – or resource families regardless of household income for care for a foster child – sustain their employment, educational efforts and job training by paying a subsidy for their children who are in the care of DHS-approved child care providers. The child care provides supervision of the foster child during time periods when the resource caregivers work, attend school, or participate in job training. See <http://humanservices.hawaii.gov/bessd/child-care-program/ccch-subsidies/how-to-apply/>.
- Administration of benefit: The program is administered in accordance with HAR chapter 17-798.2. See HAR § 17-798.2-9 for eligibility requirements. See also SOH012788 – SOH012789, and SOH012822 – SOH012823 produced herewith.
- Requests for benefit: See link above; HAR § 17-798.2-6; and SOH012790 – SOH012793, produced herewith.
- Authorization of benefit: Eligibility is determined by authorized eligibility workers in accordance with applicable administrative rules. Income limits do not apply to licensed resource caregivers. HAR § 17-798.2-9(b)(1)(A).
- Benefit amount range: Current child care rates are set forth in Exhibit I to HAR chapter 17-798.2, and vary depending on the type of care setting and the number of hours of care provided, which is dependent on the particular needs and schedules of the resource caregivers and the child.

See HAR § 17-798.2-14 for details. See also Child Care Rate Table, SOH012787 and SOH012798, produced herewith.

- Who determines benefit amount: CCCH eligibility workers.

### **Preschool Open Doors**

- **Purpose of benefit:** Preschool Open Doors (POD) is a subsidy program that provides services to eligible families sending their children to a licensed preschool prior to kindergarten entry. The goal of POD is to promote school readiness. POD also provides supervision of the children during the applicable pre-school program hours, HAR § 17-799-4(a)(1). POD subsidies help Hawaii families pay tuition at any of the state's licensed group child care facilities (i.e., preschools).
- **Administration of benefit:** Eligible families may select the preschool of their choice, subject to placement availability. Priorities for POD program selection are detailed in HAR chapter 17-799. POD is operated by DHS contractor PATCH. See PATCH website for additional information, <http://www.patchhawaii.org/families/paying/preschool>. Family unit eligibility requirements are set forth in HAR § 17-799-8. When a subsidy is requested for a foster child, the licensed resource caregiver is not subject to income limits that would otherwise apply. HAR § 17-799-8(e). Program qualifications for preschools are described in HAR § 17-799-12.
- **Requests for benefit:** POD has a limited application period each year. The application process is described in DHS' Administrative Rules, HAR § 17-799-6, <http://humanservices.hawaii.gov/bessd/child-care-program/ccch-subsidies/how-to-apply/>, and on PATCH's website, <http://www.patchhawaii.org/families/paying/preschool>. The current application packet, downloaded from the DHS web site, is produced herewith, SOH012805 – SOH012816.
- **Authorization of benefit:** Approval of POD subsidies is done by eligibility workers in accordance with DHS rules.
- **Benefit amount range:** See HAR § 17-799-13 for rates, and HAR § 17-799-14 for factors that go into the determination of the subsidy amount (not including the resource family's income as it pertains to the foster child).
- **Determination of benefit amount:** See HAR § 17-799-13 and HAR § 17-799-14.
- **Who determines benefit amount:** POD eligibility workers.

### **City and County of Honolulu Summer Fun Program**

- **Purpose of benefit:** According to the City and County of Honolulu, the City's recreation programs are designed and conducted to promote physical, emotional and social well-being and development of participants.
- **Administration of benefit:** Elementary age foster children on Oahu may attend the City and County of Honolulu's Summer Fun program without paying the registration fee. Activity fees (which go up to \$75) are not waived. Since this program is run by the City, see the City and County's web site for further information, <http://www.honolulu.gov/parks/dprsummerfun.html>, and for information on other activities and services, such as the Summer Food Service Program, and also see the Parent Handbook for Children & Youth Programs, SOH012803 – SOH012804, downloaded from the City and County's web site and produced herewith.
- **Requests for Benefit:** See the City's website and the Handbook for information on applications for Summer Fun. DHS provides authorization for the waiver of the registration fee for the foster child.
- **Authorization of benefit:** Since this is a City-run program, acceptance into Summer Fun is handled by the City.
- **Benefit amount range:** DHS understands that the current registration fee for Summer Fun, which is waived for foster children, is \$25.
- **Determination of benefit amount:** DHS understands that the registration fee is a set fee, and does not vary from child to child.
- **Who determines benefit amount:** Fees and charges are established by the City.

### **Enhancement Funds**

Bradley and Victoria Geist Enhancement Funds and Theresa Hughes Enhancement Funds provide funds that can be used to pay for enhancements for foster children. The funds are administered by Family Programs Hawaii.

- **Purpose of benefit:** To support the child's development. Enhancement funds may serve the dual purpose of providing supervision to the child depending on the nature of the particular use to which the funds are put (e.g., summer camp).
- **Administration of benefit:** Funds may be sought for extracurricular/social activities, hobbies, camps, special events, and other enhancements. To be eligible for Geist Enhancement funds, the youth must be placed by a Hawaii State agency in a kinship, foster, respite, guardianship, permanent custody or adoptive family, must reside in

Hawaii, and must be under the age of 18; or under 21 years of age and remaining in the foster care system because he/she is attending high school. To be eligible for Hughes Enhancement funds, the youth must be under the age of 18, must reside in Hawaii, and have been abused, neglected or abandoned, or reside in a household in which abuse has occurred.

- Requests for benefit: Application forms for both funds can be obtained from the child's social worker and are also available on DHS' web site. Contact Family Programs Hawaii for more details on eligibility and administration of these funds and other support services and resources for foster children, 250 Vineyard Street, Honolulu, Hawaii 96813, (808) 521-9531. See also <http://ittakesanohana.org/2011/02/enhancement-funds-available/> and SOH012797, SOH012799 – SOH012802, produced herewith, which are (1) a request form for Geist Enhancement funds; and (2) request forms and guidelines for Hughes Enhancement funds.
- Authorization of benefit: Funds are approved for enhancements by Family Programs Hawaii (or its designated decision-making body).
- Benefit amount range: Up to \$500 per child per year. According to Family Programs Hawaii, up to \$90,000 per year is available for enhancement payments (\$45,000 each for Geist and for Hughes).
- Determination of benefit amount: Presumably, Family Programs Hawaii makes a determination of benefit amount based on the cost of the particular enhancement up to the maximum amount.
- Who determines amount of benefit: Family Programs Hawaii (or its designated decision-making body).

### **Respite Care**

- **Purpose of benefit:** To help support resource caregivers and a child's placement.
- Administration of benefit: Provided to resource caregivers caring for children under DHS placement responsibility for an interval of rest or relief or crisis, such as an illness, hospitalization or death.
  - Eligibility
    - Child under DHS placement responsibility;
    - Licensed resource caregiver.
- Requests for benefit: Requests may be made by the resource caregiver to DHS either in writing or verbally.
- **Authorization of benefit:** Requests are evaluated and determination made by DHS/CWS unit staff. The benefit is authorized at the unit level.



- Benefit amount range: \$25 per day for a maximum of 10 days per child per year for each resource home in which the child is placed. An hourly rate is used when the respite care is provided for less than 12 hours in one day; a daily rate is used when respite is provided for more than 12 hours in one day. Maximum is \$250 per year per child. There is a current annual budget limit of \$100,000.
- Determination of benefit amount: The amount of the benefit depends on the duration of the respite care.
- Who determines benefit amount: Benefits are determined and issued at the unit level.

### **Liability Insurance**

- Purpose of benefit: DHS pays for an insurance policy that provides insurance coverage to DHS “licensed Hawaii foster parents” according to the terms of the policy. See the policy, which was previously produced to Plaintiffs, for coverage terms. The current policy period is 9/22/2014 to 9/22/2015, and the current policy premium is \$242,550 plus tax.
- Requests for benefit: No request is needed to be covered under the policy. The insurance coverage is automatically provided to DHS licensed Hawaii resource caregivers. In the event of a claim, a request for benefits under the policy should be directed to the insurer.
- Who determines benefit amount: The amount of any benefits that may be provided under the terms of the policy for a claim is determined by the insurer.

### **Completion Award**

- Purpose: To demonstrate appreciation for resource caregivers who have successfully completed unconditional licensure or unconditional renewed licensure.
- Administration of benefit:
  - Eligibility
    - Completion of unconditional licensure; or
    - Completion of unconditional renewal licensure.
- Requests for payment: Awards are issued upon completion of licensure or renewed licensure; a request is not needed.
- Authorization of benefit: Benefit is authorized at the unit level.
- Benefit amount range: \$100 gift card.
- Determination of amount: The amount is set at \$100.

- Who determines benefit amount: The benefit amount is a set amount and is authorized at the licensing unit/worker level and issued by the contracted provider.

### **Imua Kakou (voluntary extended foster care assistance to age 21)**

- **Purpose of benefit:** To support former foster youth in the transition to adulthood and in becoming independent and self-sufficient.
- **Administration of benefit:** To be eligible for the benefit, the young adult is required to have been under the permanent custody or foster custody of DHS at the time the young adult attained age 18, or was placed in guardianship after attaining the age of 16, or was adopted after attaining the age of 16; the young adult is no longer the subject child pursuant to HRS chapter 587A; the young adult voluntarily consents to participate in the program; the court finds that exercising jurisdiction pursuant to HRS chapter 346 part XIX is in the young adult's best interests; the young adult is completing secondary education or a program leading to an equivalent credential, is enrolled in an institution that provides post-secondary or vocational education, is participating in a program or activity designed to promote or remove barriers to employment, is employed for at least 80 hours per month, or has a medical disability that precludes the young adult from going to school or working.
- **Requests for benefit:** The young adult makes an application to DHS for benefits.
- **Authorization of benefit:** Eligibility for Imua Kakou is determined by the family court with the assistance of the CWS Liaison.
- **Benefit amount range:** \$676 per month. The young adult will also qualify for clothing allowance and assistance with transportation, and possible continuance of difficulty of care with his/her current resource caregiver.
- **Determination of benefit amount:** The amount of the benefit is equal to the foster care basic board rate for foster children ages 12 and over.
- **Who determines benefit amount:** The \$676 per month is a set amount; other benefits (clothing, transportation, DOC) are determined in accordance with existing DHS Administrative Rules and Procedures for those items, which were previously described above.

See SOH012447 – SOH012514, HRS §§ 346-391 to -407 for further details.

### **Higher Education Board Allowance**

- **Purpose of benefit:** To provide assistance to a young adult pursuing higher education.

- **Administration of benefit:** A former foster child who has reached the age of majority and exited foster care without permanency is eligible. The benefit may be provided to a former foster youth 26 years old or younger. The youth must be attending or accepted to attend an accredited institution of higher education.
- **Requests for benefit:** The former foster youth may submit an application through the age of 21 to be eligible for benefits until age 26.
- **Authorization of benefit:** The application is submitted to the assigned social worker or social service assistant, with the approval of the unit supervisor.
- **Benefit amount range:** \$676 per month. The duration of the benefit will not exceed 60 months. The young adult will also qualify for clothing allowance and assistance with transportation.
- **Determination of benefit amount:** The \$676 per month is a set amount. Other benefits (clothing, transportation) are determined in accordance with existing DHS Administrative Rules and Procedures for those items, which were previously described above. The social worker and/or social service assistant will work with the supervisor.
- **Who determines the amount of the benefit:** The benefit amount is a set amount. Other benefits (clothing, transportation), are determined as previously described above.

See also HRS § 346-17.4.

### **Education Training Voucher**

- **Purpose of benefit:** To provide assistance to a young adult pursuing higher education.
- **Administration of benefit:** Young adults 18-21 who age out of foster care, or were adopted or entered kinship guardianship at age 16 or older are eligible.
- **Request for benefit:** The young adult submits an application to the assigned social service assistant or social worker.
- **Authorization of benefit:** Benefits are authorized by the social service assistant/social worker, unit supervisor, and section administrator.
- **Benefit amount range:** Up to \$5,000 per year toward allowable cost of attendance at an institution of higher education.
- **Determination of benefit amount:** The amount varies depending on the cost of the educational program in which the young person is enrolled, the financial assistance available from other sources, and the amount of funds provided by the federal government to fund the program.

- Who determines benefit amount: Social service assistant/social worker, unit supervisor, section administrator, based upon documentation of costs/expenses and need and meeting federal requirements.

### **Trainings and Support Groups**

- **Purpose of benefit:** To provide support services for resource families and children in out-of-home care. Support services are generally provided by DHS contractors.
- **Administration of benefit:** Trainings (including trainings for resource caregivers to maintain licensing status), support, camaraderie, meals and snacks, child care during sessions are provided. Trainings and support groups are run by Family Programs Hawaii as part of its collaboration with Hui Ho‘omalu. Resource caregivers, foster children, adoptive parents, adoptive children, legal/permanent guardians, and children in guardianship relationships are eligible to participate in trainings and support groups.
- **Requests for benefits:** Notifications are sent to the various groups by the providers. Requests for financial assistance or consideration for specific trainings/activities for credit for Ongoing Training are given to either the contracted provider and/or DHS Licensing.
- **Authorization of benefit:** Eligibility depends on status as a caregiver or child, depending on the particular type of support group or training.
- **Benefit amount range:** The value of the benefit of the trainings and support groups necessarily varies from event to event, and is generally covered under DHS’ contracts with its providers.
- **Determination of benefit amount:** DHS does not generally make a determination of the value of a particular training or support group benefit for a single child. The benefits are provided on a group-wide basis. The cost to DHS to run the trainings and support groups is a contractual matter between DHS and its contractors.
- **Who determines benefit amount:** The types of trainings and support groups provided are determined through collaboration and communication with and among DHS, its contractors, and training and support group attendees.

### **Warm Line**

- **Purpose of benefit:** To provide information and support to resource families, and to make referrals to other services and resources available for resource families and foster children.

- Administration of benefit: Information on the Warm Line ((808) 545-1130 or 1-866-545-0882), events, trainings, newsletters, contacts, and other resources made available by DHS contractors in support of foster children is readily accessible to resource caregivers and foster children online at [http://pidf.org/programs/hui\\_hoomalu/about](http://pidf.org/programs/hui_hoomalu/about), <http://familyprogramshawaii.org/support/>, and <http://ittakesanohana.org/>.
- Requests for benefit: To use the Warm Line, a resource caregiver can simply call the Warm Line phone number.
- Authorization of benefit: The Warm Line is part of the services provided by DHS through its contractors to support resource caregivers and foster children. No separate “authorization” is required.
- Benefit amount range: There is no set benefit amount range.
- Determination of benefit amount: The particular value of the service provided through a Warm Line referral depends on that service.
- Who determines benefit amount: The cost to DHS to provide the Warm Line service is a contractual matter between DHS and its contractors.

### **Care to Share**

- **Purpose of benefit:** Care to Share is a support program operated by Family Programs Hawaii that allows people to share their unneeded items with resource families who need them, such as clothing, furniture and other household items.
- Administration of benefit: Contact Family Programs Hawaii for specific information on the types of items that may be available for “sharing” through this program.
- Requests for benefit: Benefits are requested by contacting Family Programs Hawaii.
- Authorization of benefit: The benefits that may be obtained by using Care to Share are not specifically “authorized.” It depends on the particular items available at any given time and the needs of the resource family.
- Benefit amount range: Depends on the particular items available.
- Determination of benefit amount: Depends on the particular items available.
- Who determines benefit amount: Depends on the particular items available.

### **Other Benefits**

There are other benefits administered by the State that may in some instances be available to provide support for foster children or the resource

family household of which they are a part. Rather than set forth the details of those programs here, which would require a recitation of information equally available to Plaintiffs, DHS refers Plaintiffs to readily available information on two of those programs:

- **SNAP:** The Supplemental Nutrition Assistance Program (SNAP) is a federal program administered by DHS. It provides food and nutritional support to qualifying households. See

<http://humanservices.hawaii.gov/bessd/snap/>, for program information.

- **TANF:** TANF is a time-limited welfare reform program for adults with children. See <http://humanservices.hawaii.gov/bessd/tanf/>, for program information.

See also the Administrative Rules of the DHS Benefit, Employment & Support Services Division (BESSD), HAR Title 17.

DATED: Honolulu, Hawai'i, May 6, 2015



DONNA H. KALAMA  
Deputy Attorney General

Attorney for Defendant  
RACHAEL WONG, DrPH, in her  
official capacity as the Director of the  
Hawaii Department of Human  
Services

**VERIFICATION**

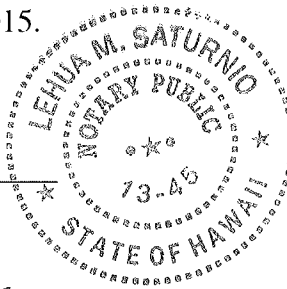
STATE OF HAWAII )  
 )  
 ) ss.  
CITY AND COUNTY OF HONOLULU )

Lynne Hanami Kazama, being first sworn on oath, deposes and says that \_\_\_\_\_ has read the foregoing Response on behalf of Rachael Wong, DrPH, in her official capacity as the Director of the Department of Human Services, and that the same are true and accurate to the best of his/her knowledge, information, and belief.

Lynne Hanami Kazama  
Printed Name: Lynne Hanami Kazama  
Position: DHS - Assistant Program Administrator

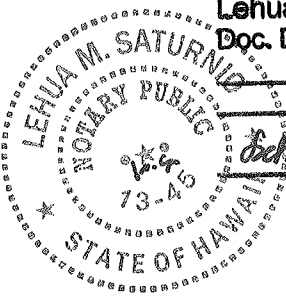
Subscribed and sworn to before me  
this 6<sup>th</sup> day of MAY, 2015.

Lehua M. Saturnio  
Notary Public, State of Hawai'i



My commission expires: 2-10-2017

Doc. Date: MAY 06 2015 # Pages: 1  
Lehua M. Saturnio First Circuit  
Doc. Description: verification



Lehua M. Saturnio MAY 06 2015  
Notary Signature Date  
NOTARY CERTIFICATION

DOUGLAS S. CHIN 6465  
Attorney General of Hawaii

CARON M. INAGAKI 3835  
DONNA H. KALAMA 6051  
DANA A. BARBATA 9112

Deputy Attorneys General  
Department of the Attorney  
General, State of Hawaii  
425 Queen Street  
Honolulu, Hawaii 96813  
Telephone: (808) 586-1494  
Facsimile: (808) 586-1369  
Email: Caron.M.Inagaki@hawaii.gov  
Donna.H.Kalama@hawaii.gov  
Dana.A.Barbata@hawaii.gov

Attorneys for Defendant  
RACHAEL WONG, DrPH, in her official  
capacity as the Director of the Hawaii  
Department of Human Services

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF HAWAII**

PATRICIA SHEEHEY, PATRICK  
SHEEHEY, RAYNETTE AH CHONG,  
individually and on behalf of the class of  
licensed foster care providers in the state of  
Hawaii,

Plaintiffs,

vs.

RACHAEL WONG, DrPH, in her official  
capacity as the Director of the Hawaii  
Department of Human Services,

Defendant.

CIVIL NO. CV13-00663 LEK-KSC

**DEFENDANT'S FIRST  
SUPPLEMENTAL RESPONSE TO  
PLAINTIFFS' SECOND SET OF  
INTERROGATORIES TO  
DEFENDANT RACHAEL WONG**



**DEFENDANT'S FIRST SUPPLEMENTAL RESPONSE TO  
PLAINTIFFS' SECOND SET OF INTERROGATORIES TO  
DEFENDANT RACHAEL WONG**

Defendant Rachael Wong, DrPH, in her official capacity as the Director of the Department of Human Services ("Defendant"), hereby supplements her Response to Plaintiffs' Second Set of Interrogatories to Defendant Rachael Wong (the "Request").

**GENERAL OBJECTIONS**

1. These responses are made based upon the best information available to Defendant as of the date of this response. Discovery and investigation are ongoing, and Defendant reserves the right to further supplement this response, and to make use of, or introduce as evidence at trial, any information produced or disclosed to Plaintiffs or discovered through discovery or investigation subsequent to the date of this response.

2. Defendant objects to the Request and each individual interrogatory to the extent that they ask for the disclosure of privileged communications, information that is protected work product, and information concerning documents and tangible things prepared in anticipation of litigation or trial.

3. Defendant objects to each interrogatory to the extent that it is unreasonably burdensome, oppressive or vexatious in that the information

requested would be of little or no relevance to the issues in this action and would place an unreasonable and oppressive burden on the Defendant in expenditure of cost, time and money.

4. Defendant objects to each interrogatory that is so broad, uncertain and unintelligible that Defendant cannot determine the nature of the information sought, and to which Defendant is therefore unable to respond.

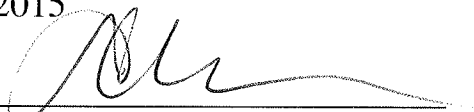
5. Defendant does not concede that any of her responses will be admissible evidence at trial. Further, Defendant does not waive any objections, whether or not stated herein, to the use of such responses at trial.

6. Defendant does not waive any of her original objections to the Request, but rather incorporates and re-asserts each and every objection in her original response to the Request.

7. By way of this First Supplemental Response, Defendant supplements her original responses to Interrogatory Nos. 4, 5, 6, and 7 based on clarifications of the intent of those Interrogatories provided by Plaintiffs' counsel. Defendant has re-stated each of those Interrogatories in light of the clarifications.

8. With regard to Interrogatories 8 and 9, counsel will further confer on those after a supplement to the responses to Interrogatories 1 and 2 is completed.

DATED: Honolulu, Hawai`i, May 7, 2015



DONNA H. KALAMA  
DANA A. BARBATA  
Deputy Attorneys General

Attorneys for Defendant  
RACHAEL WONG, DrPH, in her  
official capacity as the Director of the  
Hawaii Department of Human  
Services

## SPECIFIC OBJECTIONS AND RESPONSES

### Interrogatory No. 4

Identify the number of Hawaii licensed foster care providers who currently receive basic foster care maintenance payments under Title IV-E of the Social Security Act.

Objection: Defendant objects to this interrogatory on the grounds that it is vague and ambiguous as written, is confusing and vague in its incorporation of the term “foster care providers” as that term is defined by the Request, is vague as to time in that “currently” is undefined, and the number of children in foster care is always in flux.



Donna H. Kalama

After discussing this Interrogatory with Plaintiffs’ counsel, Defendant understands Plaintiffs to be asking for the following information:

**Modified Interrogatory No. 4:** Identify the number of Hawaii IV-E claimable foster children for the following time periods:

- A) July 1, 2013 to June 30, 2014
- B) July 1, 2014 to February 28, 2015

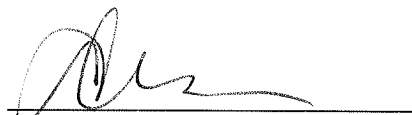
Without waiving her objections to the original interrogatory, Defendant responds to the modified interrogatory as follows:

- A) July 1, 2013 to June 30, 2014: **1019**
- B) July 1, 2014 to February 28, 2015: **907**

**Interrogatory No. 5**

Identify the number of persons who currently receive adoption assistance payments from HDHS under 42 U.S.C. § 673(a)(3).

Objection: Defendant objects to this interrogatory on the grounds that it is vague and ambiguous as written, and is vague as to time in that “currently” is undefined.



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Donna H. Kalama

After discussing this Interrogatory with Plaintiffs’ counsel, Defendant restates the interrogatory as follows:

**Modified Interrogatory No. 5:** Identify the number of IV-E claimable adoptive children for whom DHS makes adoption assistance payments for the following time periods:

- A) July 1, 2014 to February 28, 2015
- B) Month of February 2015

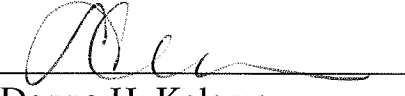
Without waiving her objections to the original interrogatory, Defendant responds to the modified interrogatory as follows:

- A) July 1, 2014 to February 28, 2015: 2968
- B) Month of February 2015: 2822

## Interrogatory No. 6

Of the number of foster care providers identified in response to Interrogatory No. 4, identify the percentage of those providers who received additional payments, as described in your Response to Interrogatory No. 1 in addition to the basic foster care maintenance rate.

Objection: Inasmuch as Defendant could not respond to Interrogatory No. 4 based on the objections set forth above, which objections are incorporated herein by reference, Defendant is unable to respond to this interrogatory as well. Defendant further objects on the grounds that this interrogatory is vague and ambiguous, and the requested information is not maintained by DHS in the form requested and DHS has no obligation to generate such information for Plaintiffs.

  
Donna H. Kalama

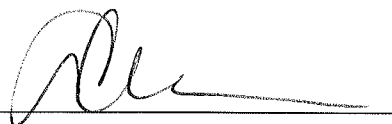
After discussing this Interrogatory with Plaintiffs' counsel, Defendant understands Plaintiffs to be seeking the following information:

**Modified Interrogatory No. 6:** Identify:

- A) The percent of 4(A) who received additional payments, as described in your Response to Interrogatory No. 1, in addition to the monthly basic board rate.
- B) The percent of 4(B) who received additional payments, as described in your Response to Interrogatory No. 1, in addition to the monthly basic board rate.

Objection: Defendant objects to this request on the grounds that DHS' Child Welfare Services (CWS) Branch does not maintain payment data on each of the payments, benefits, and resources identified in DHS' supplemental response to Interrogatory No. 1, and attempting to obtain that data in a form that could then be used to calculate the requested percentages would be extremely burdensome and time consuming. Defendant further objects to this request as misleading and argumentative to the extent it purports to suggest that if a benefit is not utilized by 100% of all foster children (or their resource caregivers), then the benefit is not available. The use of certain payments, benefits or resources is not appropriate in all circumstances and often depends on the particular needs of the child, the child's

length of stay in foster care, and the resource caregiver's particular circumstances and schedule.



Donna H. Kalama

Without waiving these objections or the objections to the original interrogatory, Defendant responds as follows:

Based on information that is maintained by CWS in its database in the manner (the categories of payments) in which the information is maintained:

A) The percent of 4(A) who received additional payments, as described in your Response to Interrogatory No. 1, in addition to the monthly basic board rate:

- 76.35% received one or more additional payments of the following categories of payments: Difficulty of Care, Clothing, Activity Fees, Medical Supplies, Miles/Bus, Respite, Transportation, Other.
- The percentage by category of payment is as follows:
  - DOC: 31.70
  - Clothing: 70.95
  - Activity Fees: 3.14
  - Med. Supplies: 10.99
  - Miles/Bus: 26.30
  - Respite: 18.74
  - Transportation: 4.51
  - Other: 3.73

B) The percent of 4(B) who received additional payments, as described in your Response to Interrogatory No. 1, in addition to the monthly basic board rate:

- 72.88% received one or more additional payments of the following categories of payments: Difficulty of Care, Clothing, Activity Fees, Medical Supplies, Miles/Bus, Respite, Transportation, Other.
- The percentage by category of payment is as follows:
  - DOC: 31.31
  - Clothing: 67.25
  - Activity Fees: 2.09

- Med. Supplies: 8.60
- Miles/Bus: 19.40
- Respite: 18.30
- Transportation: 3.20
- Other: 2.65

As described in Defendant's supplemental response to Interrogatory No. 1, there are certain benefits that are automatically provided to or for foster children that are not reflected in the percentages set forth above because no application or request for benefits is required. See Defendant's First Supplemental Response to Plaintiffs' First Set of Interrogatories to Defendant Patricia McManaman. These include, for example, Medicaid and liability insurance. These benefits apply 100% of the time. Usage of other benefits not reflected in the percentages set forth above are dependent not just on the particular eligibility requirements of the benefit, but the age, needs and interests of the child and the child's length of stay in foster care, and often the needs of the resource caregiver. Examples include: WIC, school meals, A+, child care subsidies, and enhancement funds. See Defendant's First Supplemental Response to Plaintiffs' First Set of Interrogatories to Defendant Patricia McManaman. Other benefits and resources are provided on a group-wide basis but nevertheless are valuable tools that are part of the overall resources utilized by the State to provide the best outcomes possible for children in out-of-home care. These include, for example, trainings and support groups and the Warm Line. See Defendant's First Supplemental Response to Plaintiffs' First Set of Interrogatories to Defendant Patricia McManaman. As with all of its responses, Defendant reserves the right to supplement this response.



### **Interrogatory No. 7**

Of the number of persons identified in Interrogatory No. 5 as receiving adoption assistance payments, identify the percentage of those persons who receive as adoption assistance payments a monthly amount equal to the basic foster care maintenance rate applicable to the adoptee's age.

Objection: Inasmuch as Defendant could not respond to Interrogatory No. 5 based on the objections set forth above, Defendant is unable to respond to this interrogatory as well. Defendant further objects on the grounds that this interrogatory is vague and ambiguous, and the requested information is not maintained by DHS in the form requested and DHS has no obligation to generate such information for Plaintiffs.

  
Donna H. Kalama

After discussing this Interrogatory with Plaintiffs' counsel, Defendant restates the interrogatory as follows:

**Modified Interrogatory No. 7:** What percent of 5(A) receive:

- A) An adoption subsidy exactly equal to the foster care monthly basic board rate for a foster child of the same age
- B) An adoption subsidy less than the foster care monthly basic board rate for a foster child of the same age
- C) An adoption subsidy greater than the foster care monthly basic board rate for a foster child of the same age

Without waiving her objections to the original interrogatory, Defendant responds to the modified interrogatory as follows:

- A) 59.85%
- B) 0.25%
- C) 39.90%

DATED: Honolulu, Hawai`i, May 7, 2015



---

DONNA H. KALAMA  
Deputy Attorney General  
Attorney for Defendant  
RACHAEL WONG, DrPH, in her  
official capacity as the Director of the  
Hawaii Department of Human  
Services

**VERIFICATION**

STATE OF HAWAI'I )  
 )  
CITY AND COUNTY OF HONOLULU ) ss.

LYNNE HANAMI KAZAMA, being first sworn on oath, deposes and says that she has read the foregoing Response on behalf of Rachael Wong, DrPH, in her official capacity as the Director of the Department of Human Services, and that the same are true and accurate to the best of his/her knowledge, information, and belief.

*Lynne Hanami Kazama*

Printed Name: LYNNE HANAMI KAZAMA

Position: *DHS - Assistant Program Administrator*

Subscribed and sworn to before me this 7th day of May, 2015.

*Carrie H. Sakaida*

Carrie H. Sakaida  
Notary Public, State of Hawai'i

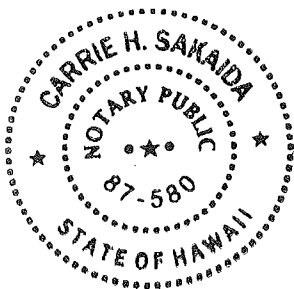
My commission expires: 11/2/15

**NOTARY PUBLIC CERTIFICATION**

Carrie H. Sakaida First Judicial Circuit  
Doc. Description: Defendant's First Suppl. Response to Plaintiffs' Second Set of Interrogatories to Defendant Rachel Wong

No. of Pages: 12 Date of Doc: 5/7/15

*Carrie H. Sakaida* 5/7/15  
Notary Signature Date



1 IN THE UNITED STATES DISTRICT COURT

2 FOR THE DISTRICT OF HAWAI'I

3 PATRICIA SHEEHEY, PATRICK ) CASE NO. CV13-00663  
4 SHEEHEY, RAYNETTE AH CHONG, )  
5 individually and on behalf )  
6 of the class of licensed )  
7 foster care providers )  
8 residing in the state of )  
9 Hawai'i; )

10 Plaintiffs, )

11 vs. )

12 RACHAEL WONG, in her )  
13 official capacity as the )  
14 Director of the Hawai'i )  
15 Department of Human )  
16 Services, )

17 Defendant. )

18 DEPOSITION OF SUSAN M. CHANDLER, Ph.D.

19 Taken on behalf of Plaintiffs, at the law  
20 offices of Alston Hunt Floyd & Ing, 1001 Bishop Street,  
21 Suite 1800, Honolulu, Hawaii, commencing at 10:30 a.m.,  
22 on Friday, June 5, 2015, pursuant to Notice.  
23

24 BEFORE: ADRIANNE HO, CSR 388  
25 Registered Professional Reporter  
Hawaii CSR #388; California CSR #11470

1    forths.  So I did one study in September and then got  
2    feedback and then they asked me to revise it.  And I  
3    did it again in October and then another one again in  
4    December, mostly based on their calculations of what  
5    they wanted to do.

6           For instance, one issue that came up right from  
7    the beginning was that most of the states have what's  
8    called age tiering.  And there's no other state that  
9    has just one rate for all youth.  And that had been  
10   something that lots of community people and various  
11   advocacy groups have been talking about that, you know,  
12   a 17-year-old doesn't cost the same thing as a  
13   five-year-old so why don't you start reimbursing by age  
14   categories.

15           So I had made that point.  And then at one  
16   point, I was getting feedback that, you know, maybe the  
17   groupings weren't right and would I rerun the numbers.  
18   So we were going back and forth a bit.  But I was only  
19   making recommendations on mostly structure, 'cause I  
20   didn't know what kind of dollars they would have in  
21   terms of what they would recommend to the legislature.

22           Q    And then when it came to actually recommending  
23   dollars, you were trying to fit your recommendations  
24   into a known amount of money; is that right?

25           A    Yes.  Also, I come from the school of easy

1 A Yes.

2 Q -- much higher than the cost than the cost  
3 raising, say, a four-year-old or a five-year-old?

4 A I made that recommendation.

5 Q And what happened?

6 A Report No. 2.

7 Q Yes.

8 A That was particular in the neighbor islands.

9 There were some very articulate foster parents who said  
10 if you're starting with a new child and, you know, you  
11 don't have diapers, you don't have formula, you don't  
12 have all that sort of thing. There should be a bump.  
13 There should be something for, you know, those zero to  
14 two. But other people were arguing that, then at two,  
15 you couldn't, like, decrease it because then people  
16 would move the children and say, sorry, I'd like to  
17 just take the infants. I don't know if that would  
18 happen, but that was a concern. So that recommendation  
19 was not accepted by the department.

20 Q Okay. So at some point somebody says to you,  
21 look, Dr. Chandler, we have \$8 million to divvy up,  
22 figure out some recommendations for divvying that up to  
23 increase the amounts; is that right?

24 A Yes.

25 Q Okay. By the way, you were the head of DHS for

1 Policy of Research Proposals. Those were provided by  
2 Child Welfare Services to me to review.

3 And then in my own research, I have additional  
4 articles and things that I found. But that's what they  
5 had said, review this, summarize the information, draft  
6 a proposal, and go out and talk to people about it,  
7 summarize the input from the group -- the groups, and  
8 get it all done before the legislature begins.

9 Q Okay. At some point, you decided that the  
10 existing rate of 529 was inadequate to meet basic needs  
11 of foster families; right?

12 A Yes.

13 Q And did you discuss that determination with the  
14 department?

15 A No, I just submitted the report.

16 Q Okay. Did you get any pushback on whether the  
17 529 was adequate or inadequate?

18 A No.

19 Q At some point, you started looking at USDA  
20 Urban West Figures?

21 A Yes.

22 Q And you understood that those figures did not  
23 take into account, except in sort of averaging Hawaii  
24 among all the Western states, the cost of living in  
25 Hawaii; correct?

1 A Yes.

2 Q And did that raise some question in your mind  
3 as to whether the USDA Urban West figures were  
4 appropriate for use in Hawaii?

5 A Yes, yes.

6 Q Can you explain?

7 A Well, because it's an average and because  
8 Hawaii has a very high cost of living, we at one point  
9 put in the idea, as is done in Washington, D.C., that  
10 maybe there should be some cost of living adjustment.

11 And so we -- one of the reports we put in, that  
12 this is what the cost of living adjustment is usually  
13 like. And again, as a policy person, I wasn't  
14 recommending that they tag it as an increase annually  
15 because the legislature doesn't usually like that.

16 But it was raised as a concern that it's a very  
17 high cost of living state. Electricity is the highest  
18 in the country. Rents are very, very high. It's a  
19 very expensive place to live.

20 So certainly, the department was interested in  
21 increasing the rates. And other states had done that.  
22 I guess every state had done that by 2009, at least.

23 Q When you suggested the possibility of making  
24 adjustments based on the actual cost of living in  
25 Hawaii, what response did you get from the department?



1 A Well, I wasn't back and forth with the  
2 department. I was writing reports and getting feedback  
3 that, you know, take out the zero to two  
4 recommendation --

5 Q Right.

6 A -- for instance, on the age bump; that that  
7 wasn't something that, I presume, the director wanted.

8 And so they had said, you know, maybe they can  
9 get an adjustment by clothing allowance to handle the  
10 diapers, which they subsequently did. But I wasn't in  
11 negotiation back and forth about each recommendation.

12 Q But at some point, you submitted a report that  
13 reflected the possibility of a cost of living increase.  
14 And what response did you get from the department?

15 A It was just recommended that it not be in the  
16 next draft.

17 Q Take that out, in other words?

18 A Yeah. Not that they weren't sensitive to it --

19 Q Right.

20 A -- but it wouldn't be an automatic.

21 And no state does it, except for the District  
22 of Columbia.

23 Q Does it automatically?

24 A Does it automatically.

25 Q Right.

1 federal law or discuss it with anybody; is that right?

2 A Yes.

3 Q And this is something your graduate assistant  
4 found and put into the report; is that right?

5 A I think so.

6 Q Now, let's turn to page 10. The first  
7 paragraph describes Tables 1 to 3 as reflecting a  
8 benchmark of 95 percent of the 2011 USDA report on the  
9 expenditures on children by families.

10 why were you using the 2011?

11 A That was the data the department had provided.

12 Q Was there 2012 data available or do you know?

13 A I don't know.

14 Q Okay. And 95 percent was chosen because it fit  
15 the budget; is that right?

16 MS. KALAMA: Objection. Lack of foundation.

17 BY MR. ALSTON:

18 Q If you know.

19 A I think, and I cannot really remember this, we  
20 were looking at 90, 95 and a hundred. And in other  
21 drafts, we had submitted that. But this one seemed to  
22 be what they believed they could get.

23 Q So the 95 percent and the 2011 data was what  
24 the department wanted you to use?

25 A It got to the number.

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CERTIFICATE

I, ADRIANNE HO, C.S.R., in and for the State of Hawaii, do hereby certify:

That on Friday, June 5, 2015, at 10:30 a.m., appeared before me SUSAN M. CHANDLER, Ph.D., the witness whose testimony is contained herein; that, prior to being examined, the witness was by me duly sworn or affirmed, pursuant to Act 110 of the 2010 session of the Hawaii State Legislature; that the proceedings were taken down by me in computerized machine shorthand and were thereafter reduced to print under my supervision; that the foregoing represents, to the best of my ability, a true and correct transcript of the proceedings had in the foregoing matter.

That pursuant to Rule 30(e) of the Hawaii Rules of Civil Procedure, a request for an opportunity to review and make changes to this transcript:

XXX was made by the deponent or a party (and/or their attorney) prior to the completion of the proceedings.

I further certify that I am not counsel for any of the parties hereto, nor in any way interested in the outcome of the cause named in the caption.

This 48-page Deposition of SUSAN M. CHANDLER, Ph.D., dated June 5, 2015, was subscribed and sworn to before me this 21st day of June, 2015, in the First Circuit of the State of Hawaii, by Adrienne Ho.



Adrienne Ho, CSR 388  
State of Hawaii



{In Archive} Re: a CPI  
Ricky Higashide to: Susan Chandler

08/28/2013 09:54 AM

Archive: This message is being viewed in an archive.



Hi Susan,

I thought the discussion for the inflation rate was around the Hitting the MARC study done in 2007, and that going back to 1994 was considered unfundable.

Attached is the CPI table from the latest DBEDT Data Book.

Thanks,

Ricky Higashide  
Research Staff Supervisor  
Audit, Quality Control and Research Office (AQCRO)  
State of Hawaii - Dept. of Human Services  
Telephone: (808) 586-5109  
FAX: (808) 586-4810  
email: rhigashide@dhs.hawaii.gov

Susan Chandler

Dear Ricky, I think what Pat was asking for is t...

08/28/2013 09:27:49 AM

From: Susan Chandler <chandler@hawaii.edu>  
To: RHigashide@dhs.hawaii.gov  
Date: 08/28/2013 09:27 AM  
Subject: Re: a CPI

Dear Ricky,

I think what Pat was asking for is the increase in the CPI since the last foster board rate was determined. I don't have the report in front of me, but I think it was 1994? Might you have each year's increase until the latest that you have?

Maybe one overall number for the increase in the US (from 1994-2012) and then Hawaii, Honolulu and each of the neighbor islands, year by year if you can get it? Otherwise, just the state each year would be good. I'll collapse the data after I look at it, so whatever you can get me will help.

Thanks,  
Susan

On Aug 28, 2013, at 8:58 AM, [RHigashide@dhs.hawaii.gov](mailto:RHigashide@dhs.hawaii.gov) wrote:

Hi Susan,

As follow-up to yesterday's meeting, my understanding is to determine the inflation rate between 2007 and current. By current, do you want calculations based on current equal to 2012 average or first half of 2013, and for urban consumers in Honolulu or all of US?

	Honolulu	US
2012	13.7	10.7
2013	15.4	12.7

Thanks,

Ricky Higashide  
Research Staff Supervisor  
Audit, Quality Control and Research Office (AQCRO)  
State of Hawaii - Dept. of Human Services  
Telephone: (808) 586-5109  
FAX: (808) 586-4810  
email: [rhigashide@dhs.hawaii.gov](mailto:rhigashide@dhs.hawaii.gov)

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Susan M Chandler, Ph.D.  
Director  
Social Sciences Public Policy Center  
Professor, Public Administration  
723 Saunders Hall  
University of Hawaii  
Honolulu, HI 96822  
(808) 956-0978

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**Table**  
**Number Table Name**

(Click on the table number to go to corresponding table)

Narrative

<a href="#"><u>14.01</u></a>	Implicit Price Deflator for Gross Domestic Product for Hawaii and United States: 1987 to 2012
<a href="#"><u>14.02</u></a>	Consumer Price Index, for All Urban Consumers (CPI-U), All Items, for Honolulu and United States, 1940 to 2012
<a href="#"><u>14.03</u></a>	Consumer Price Index - All Items, by Type of Consumer, for Honolulu: Semi-Annual and Annual Average, 1984 to 2012
<a href="#"><u>14.04</u></a>	Consumer Price Index for All Urban Consumers (CPI-U), by Expenditure Category and Commodity and Service Product Group, for Honolulu: Annual Average, 2008 to 2012
<a href="#"><u>14.05</u></a>	Relative Importance of Components in the Consumer Price Index, All Urban Consumers (CPI-U) for United States and Honolulu: December 2010 to 2012
<a href="#"><u>14.06</u></a>	Median Gross Rent Amount and as Percentage of Household Income for the United States, the 50 States, and for Puerto Rico: 2010 and 2011
<a href="#"><u>14.07</u></a>	Mortgage Status, Median Selected Monthly Owner Costs by Mortgage Status and as a Percentage of Household Income: United States and Hawaii: 2010 and 2011
<a href="#"><u>14.08</u></a>	Median Selected Monthly Owner Costs by Mortgage Status and as a Percentage of Household Income, for the United States, the 50 States, and for Puerto Rico: 2010 and 2011
<a href="#"><u>14.09</u></a>	Single-Family Home Price Appreciation for the United States, the 50 States, and the District of Columbia: 1991 to 2012
<a href="#"><u>14.10</u></a>	Cost of Living Analyses for Honolulu and the United States Average: July 1, 2012
<a href="#"><u>14.11</u></a>	Cost of Living Among Top States for Business Category Rankings: 2011 to 2013
<a href="#"><u>14.12</u></a>	Housing's Top 10 Most Expensive And Most Affordable College Town Markets: 2011
<a href="#"><u>14.13</u></a>	Housing's Most Expensive and Most Affordable Markets in Each State and the District of Columbia: 2012
<a href="#"><u>14.14</u></a>	Average Gasoline Price for the United States and for the 50 States and the District of Columbia: June 12, 2013
<a href="#"><u>14.15</u></a>	Central Business District Parking Rates for Honolulu and the United States Average: 2012
<a href="#"><u>14.16</u></a>	Car Rental Rates for Top 50 Cities: 2012
<a href="#"><u>14.17</u></a>	Average Annual Auto Insurance Rates for the 50 States and the District of Columbia: June, 2012

**Table**

**Number   Table Name**

(Click on the table number to go to corresponding table)

<a href="#"><u>14.18</u></a>	Cost of Living Index for Selected Major Cities in the United States and Rank Worldwide: 2006 to 2013
<a href="#"><u>14.19</u></a>	Top 10 Most Expensive and 10 Least Expensive States to Live: 2013
<a href="#"><u>14.20</u></a>	Pay Differentials and Cost of Living Indexes for Federal Employees in Hawaii Relative to Washington, D.C., by County: 1996 to 2013
<a href="#"><u>14.21</u></a>	Cost of Living Allowance Indexes for Military in Hawaii Relative to Continental United States, by Island
<a href="#"><u>14.22</u></a>	Per Diem Rates for Military in Hawaii, by Island or Installation

## Section 14

# PRICES

This section presents indexes of consumer prices for Honolulu and for the United States, the implicit price deflator for gross domestic product, and comparisons of Honolulu living costs with those in other U.S. urban areas and cities in foreign countries. Other statistics on prices are reported in Sections 7, 16, 17, 18, 21, and 23.

The Honolulu Consumer Price Index has been compiled by the U.S. Bureau of Labor Statistics (BLS) since December 1963. This index measures the average change in prices of goods and services purchased by urban households. Prices are expressed as a percent of the average levels reported in the base period, 1982-1984.

Official comparisons of Honolulu and Mainland living costs are no longer being made on a regular basis. The annual four-person family budgets estimated by the BLS for Honolulu and the Mainland were discontinued after 1981. The unofficial estimates by the Bank of Hawaii were available for 1982-1998 but have seemingly also been discontinued. A comparison of prices in Hawaii and Washington, D.C., compiled for the U.S. Office of Personnel Management as a basis for cost of living adjustments for Federal employees is also included. These studies are subject to technical limitations and must be interpreted with considerable caution. Comparative indexes have been compiled by the U.S. Department of Defense for military personnel assigned to or in Hawaii on temporary duty.

No composite wholesale or producer price index is available for Hawaii. Average wholesale prices of agricultural products are reported in *Statistics of Hawaii Agriculture*, issued by the Hawaii Agricultural Statistics Service, and in various other publications of the Hawaii State Department of Agriculture. Wholesale price statistics of other commodities are seldom available. Periodic comparisons of individual or groups of products and services are sometimes compiled.

Data on prices and living costs for the nation as a whole and other areas are summarized in the *Statistical Abstract of the United States: 2012*, Section 14. Long-term trends for Hawaii are traced in *Historical Statistics of Hawaii*, Section 5.



**Table 14.01-- IMPLICIT PRICE DEFLATOR FOR GROSS DOMESTIC PRODUCT FOR HAWAII AND UNITED STATES: 1987 TO 2012**

[Implicit price deflator is the ratio of current-dollar value of gross domestic product (GDP), to its corresponding chained-dollar value, multiplied by 100 and is shown at the 3-decimal level. Current dollar GDP is available for 1963 through 2012 but Real (Chained- 2005 dollar) GDP is not available before 1987]

Year	Hawaii	United States	Year	Hawaii	United States
SIC 1997 = 100.000 1/			NAICS 2005 = 100.000 1/		
1987	74.972	76.506	1997	78.585	83.912
1988	77.483	78.970	1998	80.620	84.885
1989	80.307	82.050	1999	82.726	86.220
1990	83.046	85.140	2000	84.905	88.052
1991	86.420	88.154	2001	87.790	89.907
1992	88.478	90.322	2002	90.235	91.458
1993	91.482	92.824	2003	93.056	93.723
1994	93.343	94.848	2004	96.291	96.515
1995	95.477	96.820	2005	100.000	100.000
1996	97.427	98.453	2006	103.830	103.211
1997	100.000	100.000	2007	107.594	106.356
			2008	109.784	109.037
			2009 2/	111.891	110.141
			2010 2/	112.738	111.566
			2011 2/	114.954	114.124
			2012	117.045	115.900

1/ There is a discontinuity in the GDP time series at 1997, occurring at the change from Standard Industrial Classification (SIC) industry definitions to North American Industry Classification System (NAICS) industry definitions. This discontinuity results from many sources, including differences in source data and different estimation methodologies. This data discontinuity may affect both the levels and the growth rates of the GDP estimates. Users of the GDP estimates are strongly cautioned against appending the two data series in an attempt to construct a single time series of GDP estimates for 1963 to 2011.

2/ Current dollar and Real GDP for Hawaii and for the U.S. were revised from previous *Data Book*.

Source: U.S. Bureau of Economic Analysis, Gross Domestic Product by Industry for 1963 to 2012 <<http://www.bea.gov/regional/index.htm>> accessed June 6, 2013; and calculations by Hawaii State Department of Business, Economic Development & Tourism.

**Table 14.02-- CONSUMER PRICE INDEX, FOR ALL URBAN CONSUMERS (CPI-U), ALL ITEMS, FOR HONOLULU AND UNITED STATES: 1940 TO 2012**

[1982-1984 average = 100. Excludes rent before 1963. U.S. Bureau of Labor Statistics instituted a 3-decimal presentation beginning January 2007]

Year	Honolulu		United States	
	Annual average	Percent change from previous year	Annual average	Percent change from previous year
1940	14.7	(X)	14.0	0.7
1941	15.5	5.4	14.7	5.0
1942	17.6	13.5	16.3	10.9
1943	18.9	7.4	17.3	6.1
1944	19.2	1.6	17.6	1.7
1945	19.7	2.6	18.0	2.3
1946	21.0	6.6	19.5	8.3
1947	24.4	16.2	22.3	14.4
1948	25.7	5.3	24.1	8.1
1949	25.2	-1.9	23.8	-1.2
1950	24.3	-3.6	24.1	1.3
1951	25.7	5.8	26.0	7.9
1952	26.5	3.1	26.5	1.9
1953	26.7	0.8	26.7	0.8
1954	26.9	0.7	26.9	0.7
1955	27.3	1.5	26.8	-0.4
1956	27.7	1.5	27.2	1.5
1957	28.6	3.2	28.1	3.3
1958	30.0	4.9	28.9	2.8
1959	30.5	1.7	29.1	0.7
1960	31.3	2.6	29.6	1.7
1961	32.1	2.6	29.9	1.0
1962	32.8	2.2	30.2	1.0
1963	33.5	2.1	30.6	1.3
1964	33.7	0.6	31.0	1.3
1965	34.4	2.1	31.5	1.6
1966	35.3	2.6	32.4	2.9
1967	36.3	2.8	33.4	3.1
1968	37.7	3.9	34.8	4.2
1969	39.4	4.5	36.7	5.5
1970	41.5	5.3	38.8	5.7
1971	43.2	4.1	40.5	4.4
1972	44.6	3.2	41.8	3.2
1973	46.6	4.5	44.4	6.2
1974	51.5	10.5	49.3	11.0

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**Table 14.02-- CONSUMER PRICE INDEX, FOR ALL URBAN CONSUMERS (CPI-U), ALL ITEMS, FOR HONOLULU AND UNITED STATES: 1940 TO 2012 -- Con.**

Year	Honolulu		United States	
	Annual average	Percent change from previous year	Annual average	Percent change from previous year
1975	56.3	9.3	53.8	9.1
1976	59.1	5.0	56.9	5.8
1977	62.1	5.1	60.6	6.5
1978	66.9	7.7	65.2	7.6
1979	74.3	11.1	72.6	11.3
1980	83.0	11.7	82.4	13.5
1981	91.7	10.5	90.9	10.3
1982	97.2	6.0	96.5	6.2
1983	99.3	2.2	99.6	3.2
1984	103.5	4.2	103.9	4.3
1985	106.8	3.2	107.6	3.6
1986	109.4	2.4	109.6	1.9
1987	114.9	5.0	113.6	3.6
1988	121.7	5.9	118.3	4.1
1989	128.7	5.8	124.0	4.8
1990	138.1	7.3	130.7	5.4
1991	148.0	7.2	136.2	4.2
1992	155.1	4.8	140.3	3.0
1993	160.1	3.2	144.5	3.0
1994	164.5	2.7	148.2	2.6
1995	168.1	2.2	152.4	2.8
1996	170.7	1.5	156.9	3.0
1997	171.9	0.7	160.5	2.3
1998	171.5	-0.2	163.0	1.6
1999	173.3	1.0	166.6	2.2
2000	176.3	1.7	172.2	3.4
2001	178.4	1.2	177.1	2.8
2002	180.3	1.1	179.9	1.6
2003	184.5	2.3	184.0	2.3
2004	190.6	3.3	188.9	2.7
2005	197.8	3.8	195.3	3.4
2006	209.4	5.9	201.6	3.2
2007	219.504	4.8	207.342	2.8
2008	228.861	4.3	215.303	3.8
2009	230.048	0.5	214.537	-0.4
2010	234.869	2.1	218.056	1.6
2011	243.622	3.7	224.939	3.2
2012	249.474	2.4	229.594	2.1

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**Table 14.02-- CONSUMER PRICE INDEX, FOR ALL URBAN CONSUMERS (CPI-U), ALL ITEMS, FOR HONOLULU AND UNITED STATES: 1940 TO 2012 -- Con.**

X Not applicable.

Source: For Honolulu: 1940-1963 from surveys by Eugene Danaher and Hawaii State Department of Labor and Industrial Relations, cited in Hawaii State Department of Planning and Economic Development, *The Honolulu Consumer Price Index, 1940-1986* (Statistical Report 187, May 30, 1986), as shifted to 1982-1984 base. 1987-2012: U.S. Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers [CPI-U] Honolulu and the United States <<http://www.bls.gov/cpi/home.htm>> accessed February 21, 2013.

**Table 14.03-- CONSUMER PRICE INDEX- ALL ITEMS, BY TYPE OF CONSUMER, FOR HONOLULU: SEMI-ANNUAL AND ANNUAL AVERAGE, 1984 TO 2012**

[U.S. Bureau of Labor Statistics instituted a 3-decimal presentation beginning January 2007]

Year	All urban consumers (CPI-U)			Urban wage earners and clerical workers (CPI-W)		
	Annual average	First half	Second half	Annual average	First half	Second half
1982-1984 = 100						
1984	103.5	102.5	104.4	104.3	103.0	105.5
1985	106.8	106.3	107.4	107.9	107.4	108.4
1986	109.4	108.9	109.9	110.3	109.9	110.7
1987	114.9	113.3	116.5	115.9	114.3	117.6
1988	121.7	120.1	123.4	122.8	121.1	124.5
1989	128.7	126.4	131.1	129.7	127.4	132.0
1990	138.1	135.5	140.8	138.9	136.3	141.6
1991	148.0	146.8	149.1	148.9	147.7	150.1
1992	155.1	153.9	156.4	155.9	154.6	157.2
1993	160.1	158.6	161.6	160.7	159.4	162.0
1994	164.5	163.4	165.7	164.7	163.5	165.8
1995	168.1	166.9	169.4	168.4	167.2	169.7
1996	170.7	170.5	171.0	171.0	170.8	171.2
1997	171.9	172.1	171.8	172.2	172.4	172.0
1998	171.5	172.0	171.0	171.6	172.3	171.0
1999	173.3	172.7	173.8	173.4	173.0	173.9
2000	176.3	175.9	176.7	176.5	176.0	176.9
2001	178.4	178.1	178.7	179.1	178.6	179.5
2002	180.3	180.1	180.4	180.6	180.4	180.7
2003	184.5	183.2	185.7	184.3	183.4	185.3
2004	190.6	189.2	191.9	190.2	188.8	191.5
2005	197.8	195.0	200.6	197.2	194.6	199.8
2006	209.4	206.4	212.3	208.5	205.6	211.4
2007	219.504	216.620	222.388	218.541	215.681	221.401
2008	228.861	227.334	230.387	228.344	226.738	229.950
2009	230.048	228.070	232.026	228.773	226.462	231.084
2010	234.869	233.822	235.916	234.020	233.089	234.951
2011	243.622	241.902	245.342	242.532	240.874	244.190
2012	249.474	248.646	250.303	248.569	248.003	249.135

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**Table 14.03-- CONSUMER PRICE INDEX- ALL ITEMS, BY TYPE OF CONSUMER, FOR HONOLULU: SEMI-ANNUAL AND ANNUAL AVERAGE, 1984 TO 2012 -- Con.**

Year	All urban consumers (CPI-U)			Urban wage earners and clerical workers (CPI-W)		
	Annual average	First half	Second half	Annual average	First half	Second half
Percentage change 1/						
1985	3.2	3.7	2.9	3.5	4.3	2.7
1986	2.4	2.4	2.3	2.2	2.3	2.1
1987	5.0	4.0	6.0	5.1	4.0	6.2
1988	5.9	6.0	5.9	6.0	5.9	5.9
1989	5.8	5.2	6.2	5.6	5.2	6.0
1990	7.3	7.2	7.4	7.1	7.0	7.3
1991	7.2	8.3	5.9	7.2	8.4	6.0
1992	4.8	4.8	4.9	4.7	4.7	4.7
1993	3.2	3.1	3.3	3.1	3.1	3.1
1994	2.7	3.0	2.5	2.5	2.6	2.3
1995	2.2	2.1	2.2	2.2	2.3	2.4
1996	1.5	2.2	0.9	1.5	2.2	0.9
1997	0.7	0.9	0.5	0.7	0.9	0.5
1998	-0.2	-0.1	-0.5	-0.3	-0.1	-0.6
1999	1.0	0.4	1.6	1.0	0.4	1.7
2000	1.7	1.9	1.7	1.8	1.7	1.7
2001	1.2	1.3	1.1	1.5	1.5	1.5
2002	1.1	1.1	1.0	0.8	1.0	0.7
2003	2.3	1.7	2.9	2.0	1.7	2.5
2004	3.3	3.3	3.3	3.2	2.9	3.3
2005	3.8	3.1	4.5	3.7	3.1	4.3
2006	5.9	5.8	5.8	5.7	5.7	5.8
2007	4.8	5.0	4.8	4.8	4.9	4.7
2008	4.3	4.9	3.6	4.5	5.1	3.9
2009 2/	0.5	0.3	0.7	0.2	-0.1	0.5
2010	2.1	2.5	1.7	2.3	2.9	1.7
2011	3.7	3.5	4.0	3.6	3.3	3.9
2012	2.4	2.8	2.0	2.5	3.0	2.0

1/ From same period in previous year.

2/ Reflects unpublished correction for 'All urban consumers (CPI-U) Second Half'.

Source: U.S. Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers (CPI-U) and Consumer Price Index-Urban Wage Earners and Clerical Workers (CPI-W), All Items <<http://www.bls.gov/ro9/9225.pdf>> unpublished correction and <<http://www.bls.gov/data/>> accessed February 21, 2013.

**Table 14.04-- CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U), BY EXPENDITURE CATEGORY AND COMMODITY AND SERVICE GROUP, FOR HONOLULU: ANNUAL AVERAGE, 2008 TO 2012**

[Unless otherwise specified, 1982-1984 =100. U.S. Bureau of Labor Statistics instituted a 3-decimal presentation beginning January 2007]

Group	2008	2009	2010	2011	2012
All items	228.861	230.048	234.869	243.622	249.474
Food and beverages	216.625	224.317	224.774	232.656	241.047
Food	216.742	224.544	224.794	233.256	242.226
Food at home	228.319	234.220	232.694	243.147	250.543
Food away from home	202.257	210.826	213.582	219.140	228.589
Alcoholic beverages	213.936	219.970	223.755	222.459	222.298
Housing	248.700	249.735	251.968	260.606	263.954
Shelter	266.411	272.988	272.182	277.348	279.116
Rent of primary residence	256.216	264.375	265.333	271.986	277.224
Owners' equiv. rent of prim. res. 1/	274.756	282.507	282.422	287.113	287.790
Fuel and utilities	283.911	240.284	280.202	335.109	358.849
Household energy 2/	267.903	204.339	240.938	305.047	326.622
Gas (piped) and electricity	264.567	200.994	237.451	300.711	321.932
Electricity	259.990	196.257	232.605	295.459	317.555
Utility (piped) gas service 3/	284.130	241.959	277.267	336.101	347.542
Household furnishings & operation	164.958	164.336	157.188	153.134	152.506
Household furn. and supplies 4/	(NA)	(NA)	95.509	92.597	92.127
Apparel	105.277	112.811	116.423	118.394	122.187
Transportation	213.998	200.296	214.411	229.223	233.236
Private transportation	209.161	196.370	211.530	227.249	236.798
Transp. comm. less motor fuel 4/	(NA)	(NA)	98.946	99.657	100.402
Motor fuel	284.948	222.322	263.334	311.585	332.546
Gasoline (all types)	292.545	228.060	270.775	320.614	342.111
Gasoline, unleaded regular 5/	310.952	240.837	287.744	340.371	363.777
Gasoline, unleaded midgrade 5/ 6/	231.559	179.009	212.918	249.720	266.309
Gasoline, unleaded premium 5/	256.120	202.844	237.763	283.383	301.161
Medical care	317.955	321.599	320.153	324.180	333.781
Education and communication 7/	117.118	122.843	128.483	132.248	135.804
Educ. and comm. commodities 4/	(NA)	(NA)	96.000	90.121	92.465
Educ. and comm. services 4/	(NA)	(NA)	103.233	107.051	109.969
Recreation 7/	105.290	105.239	107.484	110.473	113.396
Other goods and services	365.441	395.186	415.526	433.536	440.182
Other goods 4/	(NA)	(NA)	102.531	107.441	109.689
Other personal services 4/	(NA)	(NA)	102.977	106.919	107.937
Commodity and service group					
All items	228.861	230.048	234.869	243.622	249.474
Commodities	181.113	181.015	185.266	192.510	198.367
Commodities less food & bev.	156.654	152.700	158.705	165.441	169.598
Nondurables less food & bev.	191.108	182.226	193.408	208.464	216.859
Durables	118.679	119.048	119.815	118.151	117.681
Services	270.734	273.114	278.394	288.467	293.024

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**Table 14.04-- CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U), BY EXPENDITURE CATEGORY AND COMMODITY AND SERVICE GROUP, FOR HONOLULU: ANNUAL AVERAGE, 2008 TO 2012 -- Con.**

Group	2008	2009	2010	2011	2012
Special aggregate indexes					
All items less shelter	212.804	211.498	218.944	229.363	236.005
All items less medical care	224.234	225.324	230.394	239.355	244.153
All items less energy	227.534	233.154	235.509	241.020	244.982
Energy	276.864	213.827	252.694	308.050	327.295
All items less food and energy	230.999	236.209	239.010	243.891	246.853
Commodities less food	159.042	155.374	161.351	167.835	171.860
Nondurables less food	192.548	184.589	195.311	209.303	217.175
Nondurables	205.297	204.923	210.505	221.716	230.336
Services less rent of shelter 1/	275.405	271.298	285.581	302.484	311.190
Services less medical care services	266.102	268.028	273.790	284.353	288.675

NA Not available.

1/ Indexes on a December 1982=100 base.

2/ Historically and as returned via the online database called 'Fuels'.

3/ Prior to 2004, called 'Utility natural gas service'.

4/ Indexes on a December 2009=100 base.

5/ Special index based on a substantially smaller sample.

6/ Indexes on a December 1993=100 base.

7/ Indexes on a December 1997=100 base.

Source: U.S. Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers [CPI-U] <<http://www.bls.gov/data/home.htm>> and San Francisco Regional Office News Releases - Honolulu, Hawaii <<http://www.bls.gov/ro9/news.htm>> accessed February 21, 2013.



**Table 14.05-- RELATIVE IMPORTANCE OF COMPONENTS IN THE CONSUMER PRICE INDEX, ALL URBAN CONSUMERS (CPI-U), FOR THE UNITED STATES AND HONOLULU: DECEMBER 2010 TO 2012**

[Percent of all items. Based on the 2009-2010 weights in the Consumer Expenditure Survey]

Group	2010 CPI-U		2011 CPI-U		2012 CPI-U	
	U.S.	Honolulu	U.S.	Honolulu	U.S.	Honolulu
Relative importance of area	100.000	0.325	100.000	0.344	100.000	0.344
EXPENDITURE CATEGORY						
All items	100.000	100.000	100.000	100.000	100.000	100.000
Food and beverages	14.792	16.946	15.256	15.043	15.261	15.399
Food	13.742	15.932	14.308	14.104	14.312	14.360
Food at home	7.816	8.472	8.638	7.152	8.598	7.213
Cereals and bakery products	1.090	(NA)	1.242	(NA)	1.231	(NA)
Meats, poultry, fish, and eggs	1.813	(NA)	1.960	(NA)	1.955	(NA)
Meats, poultry, and fish	1.714	(NA)	1.846	(NA)	1.842	(NA)
Dairy and related products	0.839	(NA)	0.916	(NA)	0.905	(NA)
Fruits and vegetables	1.152	(NA)	1.287	(NA)	1.287	(NA)
Other food at home	1.996	(NA)	2.272	(NA)	2.278	(NA)
Food away from home	5.926	7.460	5.669	6.955	5.713	7.147
Alcoholic beverages	1.051	1.014	0.948	0.939	0.949	1.039
Housing	41.460	43.660	41.020	45.351	41.021	45.411
Shelter	31.955	36.073	31.539	36.390	31.681	36.777
Rent of primary residence	5.925	8.701	6.485	8.392	6.545	8.463
Tenants' and household insurance	0.349	(NA)	0.348	(NA)	0.354	(NA)
Owners' equivalent rent of residences	24.905	26.421	23.957	27.144	24.041	27.515
Owners' equivalent rent of primary res.	23.310	25.810	22.543	26.482	22.622	26.844
Lodging away from home	0.776	(NA)	0.749	(NA)	0.741	(NA)
Fuels and utilities	5.096	4.618	5.372	6.110	5.300	5.828
Household energy	4.000	3.211	4.216	4.526	4.099	4.160
Fuel oil and other fuels	0.309	(NA)	0.343	(NA)	0.332	(NA)
Fuel oil	0.205	(NA)	0.229	(NA)	0.234	(NA)
Propane, kerosene, and firewood	0.104	(NA)	0.114	(NA)	0.099	(NA)
Energy services 1/	3.691	3.182	3.873	4.487	3.767	4.120
Electricity	2.823	2.973	2.913	4.273	2.850	3.918
Utility (piped) gas service	0.869	0.209	0.960	0.210	0.917	0.203
Water & sewer & trash collection serv.	1.095	(NA)	1.156	(NA)	1.201	(NA)
Household furnishings and operations	4.409	2.968	4.109	2.849	4.040	2.806
Apparel	3.601	3.031	3.562	3.697	3.564	3.781
Men's and boys' apparel	0.882	(NA)	0.855	(NA)	0.858	(NA)
Women's and girls' apparel	1.520	(NA)	1.507	(NA)	1.495	(NA)
Footwear	0.700	(NA)	0.678	(NA)	0.696	(NA)
Infants' and toddlers' apparel	0.192	(NA)	0.201	(NA)	0.200	(NA)
Jewelry and watches	0.307	(NA)	0.323	(NA)	0.315	(NA)

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**Table 14.05-- RELATIVE IMPORTANCE OF COMPONENTS IN THE CONSUMER PRICE INDEX, ALL URBAN CONSUMERS (CPI-U), FOR THE UNITED STATES AND HONOLULU: DECEMBER 2010 TO 2012 -- Con.**

Group	2010 CPI-U		2011 CPI-U		2012 CPI-U	
	U.S.	Honolulu	U.S.	Honolulu	U.S.	Honolulu
EXPENDITURE CATEGORY -- Con.						
Transportation	17.308	14.697	16.875	15.007	16.846	14.331
Private transportation	16.082	12.626	15.694	12.925	15.657	12.658
Motor fuel	5.079	4.169	5.463	4.183	5.462	4.132
Gasoline (all types)	4.865	4.067	5.273	4.131	5.274	4.081
Public transportation 2/	1.227	2.071	1.181	2.082	1.189	1.673
Medical care	6.627	6.112	7.061	5.969	7.163	6.027
Medical care commodities 3/	1.633	1.263	1.716	1.524	1.714	1.581
Medical care services 3/	4.994	4.849	5.345	4.445	5.448	4.446
Recreation	6.293	5.875	6.044	5.096	5.990	5.202
Education and communication	6.421	6.456	6.797	6.777	6.779	6.820
Other goods and services	3.497	3.224	3.385	3.062	3.376	3.028
Personal care	2.591	(NA)	2.581	(NA)	2.571	(NA)
COMMODITY AND SERVICE GROUP 4/						
All items	100.000	100.000	100.000	100.000	100.000	100.000
Commodities	40.012	37.395	39.966	34.904	39.680	35.048
Commodities less food and beverages	25.219	20.449	24.710	19.869	24.419	19.649
Nondurables less food and beverages	15.474	12.645	15.742	13.134	15.661	13.133
Durables	9.745	7.804	8.968	6.740	8.759	6.516
Services	59.988	62.605	60.034	65.088	60.320	64.952
SPECIAL AGGREGATE INDEXES 4/						
All items less shelter	68.045	63.927	68.461	63.608	68.319	63.223
All items less medical care	93.373	93.888	92.939	94.031	92.837	93.973
All items less energy	90.921	92.621	90.321	91.274	90.439	91.707
All items less food and energy	77.179	76.689	76.013	77.175	76.127	77.347
Energy	9.079	7.379	9.679	8.724	9.561	8.293
Commodities less food	26.270	21.463	25.658	20.808	25.368	20.688
Nondurables less food	16.525	13.659	16.690	14.073	16.610	14.172
Nondurables	30.266	29.591	30.997	28.165	30.921	28.532
Services less rent of shelter	28.382	26.818	28.844	28.858	28.993	28.333
Rent of shelter 5/	31.607	35.787	31.190	36.230	31.327	36.619
Services less medical care services	54.994	57.756	54.689	60.643	54.872	60.506

NA Not available.

1/ Until December 2010, called "Gas (piped) and electricity".

2/ For Honolulu, calculated as "Transportation" less "Private transportation".

3/ For Honolulu, "Medical care services" is calculated as "Services" less "Services less medical care services". Then "Medical care commodities" is calculated as "Medical care" less "Medical care services"

4/ The two U.S.-level categories are published in a single "Special aggregate indexes" category.

5/ For Honolulu, calculated as 'Services' less "Services less rent of shelter".

Source: U.S. Bureau of Labor Statistics, "Relative Importance of Components in the Consumer Price Indexes" (annual) tables 1, 2, and 7 <<http://www.bls.gov/cpi/home.htm>> accessed June 24, 2013.

**Table 14.06-- MEDIAN GROSS RENT AMOUNT AND AS PERCENTAGE OF HOUSEHOLD INCOME FOR THE UNITED STATES, THE 50 STATES, AND FOR PUERTO RICO: 2010 AND 2011**

[Data based on sample. Rank of 1 indicates highest amount. Areas in order of highest rank in 2011]

Area	Median gross rent					
	2010			2011		
	Amount in dollars	Percentage of household income in past 12 months		Amount in dollars	Percentage of household income in past 12 months	
		Number	Rank		Number	Rank
United States	855	31.6	(X)	871	31.9	(X)
Florida	947	35.5	1	949	36.0	1
<b>Hawaii</b>	<b>1,291</b>	<b>33.5</b>	<b>3</b>	<b>1,308</b>	<b>34.4</b>	<b>2</b>
California	1,163	33.8	2	1,174	34.1	3
Louisiana	736	31.7	14	747	33.5	4
Michigan	730	33.3	4	739	33.3	5
Mississippi	672	33.2	5	689	33.1	6
Oregon	816	32.7	6	840	32.9	7
Connecticut	992	32.1	12	1,021	32.7	8
Georgia	819	32.4	7	833	32.7	8
New Jersey	1,114	32.4	8	1,135	32.6	10
South Carolina	728	32.2	11	741	32.6	10
New York	1,020	31.7	15	1,058	32.5	12
Maine	707	29.8	38	747	32.2	13
Alabama	667	32.2	10	687	32.1	14
Maryland	1,131	30.8	25	1,153	31.9	15
New Mexico	699	29.3	42	729	31.8	16
North Carolina	731	31.3	20	745	31.8	16
Delaware	952	32.3	9	960	31.7	18
Illinois	848	31.5	18	859	31.7	18
Vermont	823	31.8	13	849	31.7	18
Tennessee	697	31.4	19	715	31.5	21
Arkansas	638	29.9	36	639	31.4	22
Nevada	952	31.6	17	936	31.2	23
Arizona	844	31.6	16	850	31.1	24
Indiana	683	30.8	24	707	31.1	24
Ohio	685	31.1	22	692	31.0	26
Colorado	863	31.2	21	900	30.9	27
Idaho	683	30.5	27	689	30.9	27
Massachusetts	1,009	30.4	29	1,034	30.8	29

Continued on next page.

**Table 14.06-- MEDIAN GROSS RENT AMOUNT AND AS PERCENTAGE OF HOUSEHOLD INCOME FOR THE UNITED STATES, THE 50 STATES, AND FOR PUERTO RICO: 2010 AND 2011 -- Con.**

Area	Median gross rent					
	2010			2011		
	Amount in dollars	Percentage of household income in past 12 months		Amount in dollars	Percentage of household income in past 12 months	
		Number	Rank		Number	Rank
Pennsylvania	763	30.4	30	786	30.8	29
Utah	796	29.5	41	822	30.7	31
Kentucky	613	29.8	37	626	30.6	32
Rhode Island	868	30.9	23	875	30.4	33
Washington	908	30.6	26	930	30.4	33
Minnesota	764	30.2	32	787	30.2	35
New Hampshire	951	30.3	31	939	30.1	36
Virginia	1,019	30.2	34	1,062	30.1	36
Texas	801	30.2	33	813	30.0	38
Missouri	682	30.1	35	708	29.9	39
District of Columbia	1,198	30.4	28	1,216	29.7	40
Wisconsin	715	29.8	39	739	29.6	41
Oklahoma	659	28.9	44	675	29.3	42
West Virginia	571	29.7	40	599	29.3	42
Iowa	629	28.1	46	643	29.0	44
Kansas	682	28.1	47	709	28.6	45
Montana	642	28.3	45	650	28.5	46
Alaska	981	29.0	43	1,049	27.7	47
Nebraska	669	27.7	48	673	27.1	48
North Dakota	583	25.8	50	626	26.4	49
South Dakota	591	26.9	49	612	25.9	50
Wyoming	693	25.3	51	759	25.1	51
Puerto Rico	429	32.4	(X)	442	34.5	(X)

X Not applicable.

Source: U.S. Census Bureau, 2010 and 2011 American Community Survey 1-Year Estimates for the United States and all states "B25064: Median Gross Rent (Dollars) Universe: Renter-occupied housing units paying cash rent <[http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_10\\_1YR\\_B25064&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_10_1YR_B25064&prodType=table)> and "B25071: Median Gross Rent as a Percentage of Household Income in the Past 12 Months (Dollars)" Universe: Renter-occupied housing units paying cash rent <[http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_10\\_1YR\\_B25071&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_10_1YR_B25071&prodType=table)> accessed July 27, 2013.

**Table 14.07-- MORTGAGE STATUS, MEDIAN SELECTED MONTHLY OWNER COSTS BY MORTGAGE STATUS AND AS A PERCENTAGE OF HOUSEHOLD INCOME, UNITED STATES AND HAWAII: 2010 AND 2011**

[Data based on a sample]

Category	United States	Hawaii
Specified owner-occupied		
2010	74,873,372	258,533
2011	74,264,435	254,700
Specified owner-occupied with a mortgage		
2010: Number	50,339,500	175,138
Percent	67.2	67.7
2011: Number	49,325,615	172,002
Percent	66.4	67.5
Specified owner-occupied without a mortgage		
2010: Number	24,533,872	83,395
Percent	32.8	32.3
2011: Number	24,938,820	82,698
Percent	33.6	32.5
Median selected monthly owner costs (in dollars)		
With a mortgage: 2010	1,496	2,240
2011	1,486	2,221
Without a mortgage: 2010	431	475
2011	442	503
Median selected monthly owner costs as a percentage of household income		
With a mortgage: 2010	25.1	30.1
2011	24.7	29.7
Without a mortgage: 2010	12.8	10.1
2011	12.9	(1/)

1/ Either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution.

Source: U.S. Census Bureau, Census 2010 American Community Survey 1-Year Estimates for the United States and Hawaii, Universe: Owner-occupied housing units "B25081 Mortgage Status" <[http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_10\\_1YR\\_B25081&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_10_1YR_B25081&prodType=table)> B25088 Median Selected Monthly Owner Costs (Dollars) by Mortgage Status" <[http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_10\\_1YR\\_B25088&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_10_1YR_B25088&prodType=table)> "B25092 Median Selected Monthly Owner Costs as a Percentage of Household Income in the Past 12 Months" <[http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_10\\_1YR\\_B25092&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_10_1YR_B25092&prodType=table)> ; and 2011 <[http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_11\\_1YR\\_B25081&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_11_1YR_B25081&prodType=table)> ; <[http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_11\\_1YR\\_B25088&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_11_1YR_B25088&prodType=table)> <[http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_11\\_1YR\\_B25092&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_11_1YR_B25092&prodType=table)> accessed July 27, 2013.

**Table 14.08-- MEDIAN SELECTED MONTHLY OWNER COSTS BY MORTGAGE STATUS AND AS A PERCENTAGE OF HOUSEHOLD INCOME, FOR THE UNITED STATES, THE 50 STATES, AND FOR PUERTO RICO: 2010 AND 2011**

[In dollars and percent. Data based on a sample]

Area	Median selected monthly owner costs				Median selected monthly owner costs as a percentage of household income			
	With a mortgage		Without a mortgage		With a mortgage		Without a mortgage	
	2010	2011	2010	2011	2010	2011	2010	2011
United States	1,496	1,486	431	442	25.1	24.7	12.8	12.9
Alabama	1,130	1,134	346	344	23.0	22.5	12.3	12.2
Alaska	1,772	1,794	499	529	23.3	23.5	10.8	11.7
Arizona	1,442	1,365	366	370	26.5	25.3	11.3	11.5
Arkansas	987	988	311	310	21.5	21.1	10.9	11.0
California	2,242	2,182	452	464	30.6	29.6	11.4	11.8
Colorado	1,590	1,560	387	403	25.2	24.3	10.7	10.8
Connecticut	2,068	2,052	777	805	26.8	26.4	17.6	17.1
Delaware	1,569	1,567	428	442	24.8	24.1	11.8	11.2
Dist. Of Col.	2,297	2,224	546	573	24.8	24.2	11.0	(1)
Florida	1,505	1,470	470	461	29.5	28.5	14.4	14.1
Georgia	1,390	1,371	381	389	25.2	24.5	12.3	12.4
Hawaii	2,240	2,221	475	503	30.1	29.7	10.1	(1)
Idaho	1,187	1,212	315	324	24.7	24.7	10.6	10.3
Illinois	1,655	1,646	534	547	25.9	25.6	13.8	14.0
Indiana	1,090	1,091	344	364	21.6	21.2	11.0	11.3
Iowa	1,140	1,144	392	405	21.3	20.9	11.5	12.0
Kansas	1,239	1,252	419	431	21.8	21.9	11.8	12.6
Kentucky	1,072	1,092	311	324	22.2	21.7	11.3	11.5
Louisiana	1,163	1,176	320	314	21.6	21.7	10.5	10.3
Maine	1,289	1,304	433	453	24.1	24.4	13.9	14.6
Maryland	2,016	1,961	555	571	25.4	24.9	12.9	12.9
Massachusetts	2,036	2,042	654	672	26.1	25.8	15.3	15.7
Michigan	1,288	1,275	442	450	24.6	23.7	13.9	14.0
Minnesota	1,503	1,481	438	455	24.1	23.5	11.9	12.1
Mississippi	1,043	1,048	331	332	23.5	23.4	12.0	12.1
Missouri	1,182	1,199	366	385	22.6	22.3	11.7	12.4
Montana	1,217	1,256	350	369	24.1	25.0	11.3	11.9
Nebraska	1,218	1,237	429	444	21.4	20.9	12.6	12.5
Nevada	1,638	1,529	429	416	28.1	27.1	12.2	12.1

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**Table 14.08-- MEDIAN SELECTED MONTHLY OWNER COSTS BY MORTGAGE STATUS AND AS A PERCENTAGE OF HOUSEHOLD INCOME, FOR THE UNITED STATES, THE 50 STATES, AND FOR PUERTO RICO: 2010 AND 2011-- Con.**

Area	Median selected monthly owner costs				Median selected monthly owner costs as a percentage of household income			
	With a mortgage		Without a mortgage		With a mortgage		Without a mortgage	
	2010	2011	2010	2011	2010	2011	2010	2011
New Hampshire	1,853	1,884	668	704	26.5	26.5	16.5	17.4
New Jersey	2,370	2,397	909	936	28.7	29.0	18.9	19.2
New Mexico	1,202	1,216	303	307	24.3	23.5	(1)	10.3
New York	1,963	1,977	665	685	26.3	26.3	15.5	15.3
North Carolina	1,250	1,246	358	359	24.0	23.5	12.5	12.3
North Dakota	1,133	1,155	378	394	19.6	19.2	(1)	10.0
Ohio	1,246	1,243	416	428	23.4	22.8	13.1	13.1
Oklahoma	1,089	1,108	341	353	21.9	21.8	11.2	11.5
Oregon	1,577	1,546	429	446	27.3	26.7	12.9	13.1
Pennsylvania	1,390	1,408	459	478	23.8	23.7	13.7	14.1
Rhode Island	1,837	1,842	647	654	27.7	26.9	15.4	17.0
South Carolina	1,177	1,175	336	340	23.5	23.5	12.0	11.9
South Dakota	1,151	1,178	375	405	21.9	21.7	10.9	11.5
Tennessee	1,161	1,172	338	347	23.7	23.5	11.4	11.8
Texas	1,402	1,398	437	443	23.4	23.0	12.5	12.5
Utah	1,433	1,418	348	369	24.8	24.5	(1)	(1)
Vermont	1,445	1,487	580	604	26.0	25.5	16.3	16.6
Virginia	1,728	1,707	409	415	24.7	24.0	11.4	11.2
Washington	1,736	1,733	469	491	26.7	26.1	12.1	12.6
West Virginia	918	937	268	279	20.1	19.9	(1)	(1)
Wisconsin	1,404	1,402	497	516	24.5	24.1	14.0	14.1
Wyoming	1,300	1,269	350	365	22.0	21.5	(1)	(1)
Puerto Rico	851	888	142	151	29.5	29.8	(1)	10.6

1/ Either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution.

Source: U.S. Census Bureau, Census 2000 Summary File 3, September 16, 2003, Tables 2 and 3 <<http://www.census.gov/prod/2003pubs/c2kbr-27.pdf>> accessed September 18, 2003; and 2010 American Community Survey 1-Year Estimates for the United States and Hawaii, Universe: Owner-occupied housing units "B25088 Median Selected Monthly Owner Costs (Dollars) by Mortgage Status" <[http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_10\\_1YR\\_B25088&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_10_1YR_B25088&prodType=table)> "B25092 Median Selected Monthly Owner Costs as a Percentage of Household Income in the Past 12 Months" <[http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_10\\_1YR\\_B25092&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_10_1YR_B25092&prodType=table)> accessed July 27, 2013.

**Table 14.09-- SINGLE-FAMILY HOME PRICE APPRECIATION FOR THE UNITED STATES, THE 50 STATES, AND THE DISTRICT OF COLUMBIA: 1991 TO 2012**

[In percent change from previous period and number. Period ending December 31 unless otherwise indicated. Estimates use Federal Housing Finance Agency's (FHFA) Purchase-Only House Price Index (HPI), not seasonally-adjusted. According to the "Housing and Economic Recovery Act of 2008" the FHFA regulates Fannie Mae and Freddie Mac, formerly under the Office of Federal Housing Enterprise Oversight. See also <<http://www.fhfa.gov/Default.aspx?Page=196>> and <[http://www.fhfa.gov/webfiles/896/hpi\\_tech.pdf](http://www.fhfa.gov/webfiles/896/hpi_tech.pdf)>]

State	One-year (percent)	Rank 1/	Five-year (percent)	Since 1991, 1st quarter (percent)
United States 2/	5.45	(X)	-12.87	90.30
Arizona	21.64	1	-30.41	102.54
Nevada	19.73	2	-44.40	31.08
Hawaii	14.50	3	-6.85	94.79
Idaho	13.25	4	-20.73	108.37
California	12.04	5	-27.30	70.46
Utah	11.67	6	-16.35	165.68
North Dakota	11.45	7	25.92	160.85
Colorado	10.69	8	3.69	186.69
District of Columbia	10.67	9	12.82	286.57
Florida	9.83	10	-32.52	87.12
Washington	9.37	11	-19.55	124.99
Wyoming	8.30	12	-0.17	202.34
Michigan	7.71	13	-12.60	53.52
Georgia	7.52	14	-18.82	60.06
Montana	7.42	15	-3.80	209.50
West Virginia	7.07	16	2.36	98.21
Oregon	6.57	17	-20.85	164.65
Texas	6.56	18	5.88	102.60
Nebraska	5.34	19	2.46	102.40
Minnesota	5.26	20	-13.16	110.51
Missouri	4.70	21	-8.11	86.26
Virginia	4.37	22	-10.05	116.25
Alabama	4.27	23	-9.67	81.69
Louisiana	3.99	24	-0.49	134.26
Maryland	3.63	25	-19.43	111.75
Kansas	3.61	26	-2.85	93.34
South Dakota	3.38	27	3.86	132.54
Tennessee	3.20	28	-7.53	87.81
Iowa	3.00	29	0.61	100.66
Kentucky	2.70	30	-1.52	89.29
Ohio	2.70	31	-9.15	54.82

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**Table 14.09-- SINGLE-FAMILY HOME PRICE APPRECIATION FOR THE UNITED STATES, THE 50 STATES, AND THE DISTRICT OF COLUMBIA: 1991 TO 2012 -- Con.**

State	One-year (percent)	Rank 1/	Five-year (percent)	Since 1991, 1st quarter (percent)
Oklahoma	2.55	32	1.95	98.66
Pennsylvania	2.27	33	-6.96	87.96
Arkansas	2.25	34	-5.65	83.96
Massachusetts	1.88	35	-7.53	117.71
Indiana	1.57	36	-2.73	61.12
Rhode Island	1.39	37	-19.32	79.66
New York	1.26	38	-7.13	104.25
Delaware	1.04	39	-17.50	78.23
Illinois	0.98	40	-19.21	69.11
New Mexico	0.59	41	-15.39	103.55
North Carolina	0.34	42	-11.51	78.44
Alaska	0.11	43	2.47	127.36
Mississippi	-0.01	44	-9.06	76.12
Maine	-0.34	45	-8.75	102.75
Vermont	-0.38	46	-3.85	108.73
Wisconsin	-0.42	47	-11.46	99.90
New Jersey	-0.65	48	-18.17	107.79
Connecticut	-0.74	49	-15.35	65.36
South Carolina	-0.79	50	-12.25	75.40
New Hampshire	-1.11	51	-15.37	90.16

X Not applicable.

1/ Rank based on one-year appreciation. The lower the rank, the higher the appreciation.

2/ United States figures based on weighted average of nine Census Divisions.

Source: Federal Housing Finance Agency (FHFA) "U.S. House Prices Rose 1.4 Percent in Fourth Quarter 2012", pp. 20-21 (February 26, 2013) <<http://www.fhfa.gov/webfiles/25010/2012Q4HPI.pdf>> accessed May 16, 2013.

**Table 14.10-- COST OF LIVING ANALYSES FOR HONOLULU AND THE UNITED STATES AVERAGE: JULY 1, 2012**

[This formulation assumed consumption patterns vary according to earnings level. It compares the 'base city' to a the 'destination' using the same pattern but at the destination's prices. This profiles a cost-of-living model rental (approximates the rental equivalent of owner-occupied housing) situations for a family of 4, annual earnings of \$76,000, a 2,000 sq. ft. home, with 3 vehicles having a total value \$30,000 and driven a total of 30,000 miles annually. The Institute model may be considered as an evolution of the U.S. Department of Labor's "Urban Family of Four" model which the Bureau of Labor Statistics discontinued in 1981]

Category	Honolulu	Percent of total	U.S. average	Percent of total	Honolulu indexed to U.S. average
Total, earnings level #1	76,000	100.0	41,014	100.0	185.3
Goods and services	29,388	38.7	21,283	51.9	138.1
Consumables	20,850	27.4	14,212	34.7	146.7
Transportation	6,150	8.1	5,040	12.3	122.0
Health services	2,388	3.1	2,031	5.0	117.6
Rent, utilities, insurance	46,686	61.4	21,929	53.5	212.9
Income and payroll taxes	17,917	23.6	15,793	38.5	113.4
Miscellaneous 1/	-17,991	-23.7	-17,991	-43.9	100.0
Exhibit: monthly rent 2/	3,442	54.3	1,551	45.4	221.9
Total, earnings level #2	114,519	100.0	76,000	100.0	150.7
Goods and services	42,682	37.3	31,044	40.8	137.5
Consumables	29,031	25.4	19,722	26.0	147.2
Transportation	10,851	9.5	8,931	11.8	121.5
Health services	2,800	2.4	2,391	3.1	117.1
Rent, utilities, insurance	46,686	40.8	21,929	28.9	212.9
Income and payroll taxes	17,917	15.6	15,793	20.8	113.4
Miscellaneous	7,234	6.3	7,234	9.5	100.0
Exhibit: monthly rent 2/	3,442	36.1	1,551	24.5	221.9

1/ 'Miscellaneous' includes charitable contributions, tuition for dependents or child care, insurance premiums, personal savings, investments, credit card debt payments, vacations, etc. A negative value suggests that the spending pattern is 'too rich' for the earnings level.

2/ Percent of total is calculated based on annual rent.

Source: ERI Economic Research Institute, Relocation Assessor, "Relocation Analysis Report' (July 11, 2012) and calculations by Hawaii State Department of Business, Economic Development & Tourism.

**Table 14.11-- COST OF LIVING AMONG TOP STATES FOR BUSINESS  
CATEGORY RANKINGS: 2011 TO 2013**

[The CNBC survey scored all 50 states on as many as 51 measures of competitiveness developed with input from business groups including the National Association of Manufacturers and the Council on Competitiveness. States received points based on their rankings in each metric. The metrics are in ten broad categories, weighted according to how frequently they are cited in state economic development marketing materials. A rank of 1 indicates most favorable]

Component	2011			2012			2013		
	Category weight 1/	Score	Rank	Category weight 1/	Score	Rank	Category weight 1/	Score	Rank
Overall	2,475	922	48	2,500	871	49	2,500	924	50
Cost of doing business	350	54	50	350	36	50	450	94	48
Workforce	350	106	47	350	137	35	300	101	45
Quality of life	350	281	1	350	284	2	300	272	1
Infrastructure & transp. 2/	325	93	46	325	75	49	350	66	50
Economy	300	159	16	325	96	41	375	185	41
Education	225	80	40	225	81	39	150	59	40
Technology & innovation	225	62	42	225	62	45	300	81	45
Business friendliness	200	50	43	200	71	37	200	59	40
Access to capital	100	36	33	100	28	39	25	6	39
Cost of living	50	1	50	50	1	50	50	1	50

X Not applicable.

1/ Weighting reevaluated for each study. See "Criteria & Categories For CNBC's Top States For Business 2011" <<http://www.cnbc.com/id/43227250>>; for 2012 <<http://www.cnbc.com/id/47818860>> and for 2013 <<http://www.cnbc.com/id/100728441>> accessed July 15, 2013.

2/ Category was 'Transportation & infrastructure' in some 2012 lists.

Source: CNBC "America's Top Ten States for Business: 2011" <<http://www.cnbc.com/id/41666602/>> accessed July 6, 2011; "America's Top Ten States for Business: 2012" <<http://www.cnbc.com/id/46413845>> accessed July 10, 2012; CNBC ""America's Top Ten States for Business: 2013" <<http://www.cnbc.com/id/100824779>> accessed July 15, 2013.

**Table 14.12-- HOUSING'S TOP 10 MOST EXPENSIVE AND MOST AFFORDABLE COLLEGE TOWN MARKETS: 2011**

[The home market values shown in the table below are from the "Coldwell Banker 2011 College Home Listing Report" which shows the average listing price for a three-bedroom, two-bathroom home listed by Coldwell Banker affiliates or sister real estate brands between August 2010 and August 2011 in markets home to 117 of the 120 schools in the Football Bowl Subdivision (FBS) schools]

Rank	Market, State	College	Average Listing Price
<b>Most expensive markets</b>			
1	Westwood, Los Angeles, Calif.	University of California, Los Angeles	1,271,428
2	Palo Alto, Calif.	Stanford University	1,232,070
3	Honolulu, Hawaii	University of Hawaii	779,419
4	Los Angeles, Calif.	University of Southern California	733,473
5	Boulder, Colo.	University of Colorado	731,617
6	Berkeley, Calif.	University of California, Berkeley	695,520
7	Chestnut Hill, Mass.	Boston College	669,617
8	Seattle, Wash.	University of Washington	570,535
9	San Jose, Calif.	San Jose State University	541,231
10	Annapolis, Md.	United States Naval Academy	522,420
<b>Most affordable markets</b>			
1	Memphis, Tenn.	University of Memphis	89,244
2	Muncie, Ind.	Ball State University	107,346
3	Ypsilanti, Mich.	Eastern Michigan University	107,458
4	Toledo, Ohio	University of Toledo	112,688
5	Kalamazoo, Mich.	Western Michigan University	116,455
6	Buffalo, N.Y.	University of Buffalo	123,212
7	Las Vegas, Nev.	University of Nevada, Las Vegas	124,955
8	Fort Worth, Texas	Texas Christian University	128,491
9	Kent, Ohio	Kent State University	130,218
10	Lafayette, Ind.	Purdue University	132,910

Source: Coldwell Banker, "2011 College Home Listing Report" (College HLR) (November 15, 2011) <<http://hlc.coldwellbanker.com/PressRelease.aspx>> accessed July 3, 2012. See also "Comparative Look at the 10 Most Expensive College Towns" <<http://www.coldwellbanker.com/imgs/cbnetftp/ColdwellBankerCollegeHomeListingReport.html>>.

**Table 14.13-- HOUSING'S MOST EXPENSIVE AND MOST AFFORDABLE MARKETS IN EACH STATE AND THE DISTRICT OF COLUMBIA: 2012**

[The home market values shown in the table below are based on the average home listing price of four-bedroom, two-bathroom properties on coldwellbanker.com listed between January 2012 and June 2012 from more than 2,300 North American markets and including data on 2,479 in the 'Home Listing Report'. The U.S. average for the surveyed listings was \$292,152. This year's report analyzes more than 72,000 home listings in more than 2,500 U.S. markets]

State	Most expensive	Average sales price	Rank	Most affordable	Average sales price	Rank
Alabama	Homewood	306,782	1,700	Tuscumbia	120,192	79
Alaska	Anchorage	375,112	1,944	Fairbanks	268,457	1,495
Arizona	Scottsdale	395,568	2,017	Maricopa	97,886	20
Arkansas	Maumelle	254,706	1,421	Camden	111,000	45
California	Los Altos	1,706,688	2,479	Adelanto	99,824	22
Colorado	Boulder	1,084,183	2,464	Pueblo	133,897	141
Connecticut	Greenwich	1,200,525	2,469	Meriden	149,348	249
Delaware	Bethany Beach	667,277	2,389	Seaford	212,256	1,049
Dist. of Columbia	(1/)	(1/)	(1/)	Washington D.C.	598,989	2,343
Florida	Doral	497,400	2,213	Poinciana	76,341	5
Georgia	Dunwoody	339,835	1,810	College Park	62,080	2
Hawaii	Kailua	1,238,208	2,472	Ewa Beach	489,830	2,200
Idaho	Hayden	342,914	1,829	Pocatello	148,688	243
Illinois	Winnetka	757,965	2,429	Park Forest	81,107	8
Indiana	Fremont	520,200	2,254	Kokomo	103,110	27
Iowa	Johnston	293,593	1,623	Marshalltown	106,014	33
Kansas	Lansing	238,920	1,301	Concordia	114,741	57
Kentucky	Versailles	437,429	2,109	London	133,780	140
Louisiana	Mandeville	281,598	1,573	Bastrop	101,755	24
Maine	Wells	668,575	2,391	Waterville	124,223	96
Maryland	Bethesda	723,782	2,415	Capitol Heights	128,170	115
Massachusetts	Weston	1,105,692	2,466	Springfield	136,405	155
Michigan	Birmingham	429,800	2,097	Redford	60,490	1
Minnesota	Orono	1,070,203	2,463	Owatonna	152,087	274
Mississippi	Diamondhead	236,758	1,274	Picayune	105,993	32
Missouri	Town and Country	497,331	2,212	Kirksville	101,647	23
Montana	Bozeman	355,069	1,879	Great Falls	172,974	530
Nebraska	Columbus	158,009	341	Norfolk	118,495	1,047
Nevada	Incline Village	536,492	2,268	North Las Vegas	115,231	2,091
New Hampshire	Hanover	533,809	2,266	Claremont	175,141	341
New Jersey	Bernards Twp	817,264	2,439	Irvington	92,264	2,266
New Mexico	Santa Fe	428,239	2,091	Deming	154,905	2,439
New York	Rye	1,312,250	2,473	Jamestown	109,796	2,268
North Carolina	Ocean Isle Beach	462,173	2,145	Henderson	117,191	66

Continued on next page.

**Table 14.13-- HOUSING'S MOST EXPENSIVE AND MOST AFFORDABLE MARKETS IN EACH STATE AND THE DISTRICT OF COLUMBIA: 2012 -- Con.**

State	Most expensive	Average sales price	Rank	Most affordable	Average sales price	Rank
North Dakota	Minot	212,066	1,047	West Fargo	162,430	402
Ohio	Upper Arlington	404,363	2,041	Cleveland	70,066	2,473
Oklahoma	Bixby	237,125	1,279	Chickasha	109,665	2,041
Oregon	Lake Oswego	479,400	2,183	Pendleton	185,693	1,279
Pennsylvania	Newtown	582,577	2,331	Johnstown	84,173	2,183
Rhode Island	Smithfield	545,386	2,283	Pawtucket	153,982	2,331
South Carolina	Mount Pleasant	378,164	1,949	Hopkins	125,508	2,283
South Dakota	Rapid City	190,044	770	Spearfish	180,090	1,949
Tennessee	Brentwood	371,640	1,935	Memphis	114,144	770
Texas	Colleyville	289,192	1,608	Terrell	96,329	1,935
Utah	Salt Lake City	339,937	1,811	Richfield	141,958	1,608
Vermont	South Burlington	388,891	1,990	Rutland	172,492	2,395
Virginia	Arlington	678,486	2,395	Danville	153,957	1,811
Washington	Mercer Island	1,059,411	2,462	Spokane Valley	163,776	1,990
West Virginia	Morgantown	297,160	1,644	Parkersburg	144,387	2,152
Wisconsin	Whitefish Bay	463,491	2,152	Ashland	117,105	2,462
Wyoming	Sheridan	320,640	1,754	Cheyenne	190,622	1,644

1/ Only one market included in the study.

Source: Coldwell Banker, "Annual Coldwell Banker Real Estate Home Listing Report Finds \$1.6 Million Difference Between Similar Homes in Silicon Valley and Midwest" (November 28, 2012) <<http://hlf.coldwellbanker.com/PressRelease.aspx>> accessed November 28, 2012.

**Table 14.14-- AVERAGE GASOLINE PRICE FOR THE UNITED STATES AND FOR THE 50 STATES AND THE DISTRICT OF COLUMBIA: JUNE 12, 2013**

[Over 120,000 retail gasoline self-serve stations are surveyed daily and prices posted the following day. The posting date is indicated in the title. Prices are in dollars per gallon. Rank of 1 indicates highest price per gallon. Rank is among 50 states and District of Columbia]

Item	Regular	Mid	Premium	Diesel
Hawaii	4.353	4.449	4.535	4.892
Hawaii rank	1	1	2	1
U. S. average	3.634	3.809	3.964	3.855
Hawaii as percent of U.S. average	119.8	116.8	114.4	126.9
Alabama	3.292	3.481	3.663	3.750
Alaska	4.078	4.120	4.218	4.328
Arizona	3.479	3.585	3.708	3.717
Arkansas	3.371	3.507	3.686	3.714
California	3.966	4.064	4.162	4.050
Colorado	3.735	3.850	3.969	3.770
Connecticut	3.798	3.967	4.125	4.161
Delaware	3.475	3.675	3.843	3.722
District of Columbia	3.740	3.958	4.113	4.064
Florida	3.494	3.707	3.878	3.848
Georgia	3.472	3.661	3.836	3.803
Hawaii	4.353	4.449	4.535	4.892
Idaho	3.804	3.908	4.011	4.049
Illinois	4.195	4.389	4.634	4.037
Indiana	4.096	4.217	4.337	3.983
Iowa	3.721	3.631	3.908	3.745
Kansas	3.632	3.726	3.885	3.777
Kentucky	3.607	3.756	3.875	3.881
Louisiana	3.350	3.527	3.696	3.688
Maine	3.575	3.704	3.833	3.896
Maryland	3.491	3.700	3.871	3.760
Massachusetts	3.544	3.726	3.862	3.907
Michigan	4.176	4.298	4.427	4.063
Minnesota	3.713	3.779	3.989	3.914
Mississippi	3.291	3.453	3.632	3.655
Missouri	3.519	3.633	3.792	3.675
Montana	3.642	3.714	3.833	3.913
Nebraska	3.683	3.585	3.854	3.770
Nevada	3.603	3.710	3.814	3.821
New Hampshire	3.481	3.637	3.779	3.794
New Jersey	3.404	3.608	3.740	3.683
New Mexico	3.514	3.619	3.730	3.785
New York	3.744	3.928	4.075	4.172

Continued on next page.

**Table 14.14-- AVERAGE GASOLINE PRICE FOR THE UNITED STATES AND FOR THE 50 STATES AND THE DISTRICT OF COLUMBIA: JUNE 12, 2013 -- Con.**

State	Regular	Mid	Premium	Diesel
North Carolina	3.423	3.602	3.793	3.828
North Dakota	3.920	3.912	4.211	4.002
Ohio	3.884	3.999	4.111	3.940
Oklahoma	3.573	3.710	3.872	3.651
Oregon	3.837	3.950	4.066	3.916
Pennsylvania	3.494	3.625	3.797	3.889
Rhode Island	3.624	3.822	3.965	3.938
South Carolina	3.237	3.415	3.604	3.655
South Dakota	3.770	3.697	4.086	3.793
Tennessee	3.317	3.485	3.669	3.740
Texas	3.394	3.563	3.716	3.709
Utah	3.730	3.844	3.951	3.913
Vermont	3.575	3.758	3.939	3.921
Virginia	3.380	3.598	3.790	3.701
Washington	3.838	3.957	4.067	3.998
West Virginia	3.639	3.752	3.889	3.964
Wisconsin	3.997	4.163	4.405	3.966
Wyoming	3.596	3.680	3.799	3.861

Source: AAA's Daily Fuel Gauge Report© Copyright, Oil Price Information Service, National Unleaded Average <<http://www.fuelgaugereport.com/index.asp>> and Current State Averages <<http://www.fuelgaugereport.com/sbsavg.html>> accessed June 12, 2013.



**Table 14.15-- CENTRAL BUSINESS DISTRICT PARKING RATES FOR HONOLULU AND THE UNITED STATES AVERAGE: 2012**

[Survey only includes covered and underground garages in prime central business districts (CBD) in 56 markets in North America, with 44 of them in the U.S. Parking rate data were collected during the month of June 2012 and includes all relevant taxes. Sources include third parties, owners/operators and Colliers International. For reserved parking, the customer is guaranteed the same space for every entry. For unreserved parking, the customer is guaranteed a space upon entry. For daily parking, the customer is permitted to park for a full day and is not impacted by "early bird" restrictions]

Category 1/	Segment	Honolulu	United States average	Honolulu as percent of United States average
Monthly unreserved	Parking rate – high	255.00	226.84	112.4
Monthly unreserved	Parking rate – low	195.00	108.06	180.5
Monthly unreserved	Parking rate – median	230.00	166.26	138.3
Monthly reserved	Parking rate – high	395.00	273.41	144.5
Monthly reserved	Parking rate – low	287.96	137.67	209.2
Monthly reserved	Parking rate – median	350.00	196.21	178.4
Daily parking	Rate – high	75.00	27.13	276.4
Daily parking	Rate – low	21.00	9.64	217.8
Daily parking	Rate – median	42.00	17.19	244.3
Hourly parking	Rate – high	10.00	9.73	102.8
Hourly parking	Rate – low	1.50	2.71	55.4
Hourly parking	Rate – median	6.50	5.77	112.7
Garages offering additional services (percent)		5	23.2	21.6
Garages with waiting lists (percent)		5	6.2	80.6
Typical wait period (number of months)		2.0	9.3	(X)
Availability of parking		2/ Fair	(X)	(X)
Additional garages within next 24 months		-	11	(X)
Parking spots to be added		-	4,042	(X)

X Not applicable.

1/ 'Early Bird' refers to discounted parking offered to those that park before the work day begins. Both 'Early Bird' and 'Hourly metered parking' were tabulated separately in previous reports but not in 2009 to 2011.

2/ Refers to parking garages usually full Monday to Friday and on weekends during special events.

Source: Colliers International North America, "2012 CBD Parking rates, North America, Central Business District, Parking Rate Survey", <<http://www.colliers.com/Country/UnitedStates/Research>> accessed July 7, 2012 and calculations by Hawaii State Department of Business, Economic Development & Tourism.

**Table 14.16-- CAR RENTAL RATES FOR TOP 50 CITIES: 2012**

[The car rental rates were established via CarTrawler, a car rental comparison engine. For 50 destinations in the United States, the average daily rental rate for the cheapest available car during the period spanning June to August 2012 was calculated. Each city's main airport was chosen as the 'Pick Up and Drop Off' location]

Rank	City	Rate (dollars)	Rank	City	Rate (dollars)
1	Anchorage	95	26	Nashville	47
2	Honolulu	94	27	Chicago	47
3	Washington DC	81	28	Cleveland	46
4	Denver	79	29	Louisville	46
5	New York City	78	30	West Palm Beach	46
6	Boston	74	31	Oakland	46
7	Charlotte	73	32	Pittsburgh	44
8	Detroit	65	33	Memphis	43
9	New Orleans	63	34	Seattle	43
10	Jacksonville	62	35	St. Louis	42
11	Houston	59	36	Raleigh	41
12	Newark	58	37	Dallas	39
13	Portland	58	38	San Antonio	38
14	Orlando	56	39	Atlanta	38
15	San Jose	56	40	Tampa	37
16	Buffalo	55	41	Miami	36
17	Cincinnati	53	42	Los Angeles	35
18	Kansas City	53	43	Salt Lake City	34
19	Indianapolis	53	44	San Diego	34
20	Sacramento	52	45	Phoenix	34
21	Philadelphia	52	46	Las Vegas	32
22	San Francisco	50	47	Fort Lauderdale	31
23	Baltimore	49	48	Albuquerque	30
24	Austin	49	49	Milwaukee	29
25	Minneapolis	48	50	Columbus	28

Source: CheapCarRental "Alaska's Anchorage Has Priciest Car Rental Rates in the USA" <<http://www.cheapcarrental.net/press/summer-2012.html>> accessed September 20, 2012.

**Table 14.17-- AVERAGE ANNUAL AUTO INSURANCE RATES  
FOR THE 50 STATES AND THE DISTRICT OF COLUMBIA:  
JUNE, 2012**

[Median car insurance rates are determined by a Quadrant Information Services and were based on actual customer profiles of online car insurance shoppers that can include multiple drivers, multiple vehicles and other variables. Income data are from the 2010 Census and car insurance data collected June 2012]

Rank	State	Median price of annual car insurance	Median annual household income	Car insurance as percent of household income
1	Michigan	4,490	56,101	8.00
2	Louisiana	2,912	52,456	5.55
3	Kentucky	2,292	50,392	4.55
4	West Virginia	2,074	48,927	4.24
5	Mississippi	1,840	45,484	4.05
6	Arkansas	1,722	47,049	3.66
7	Delaware	2,456	68,746	3.57
8	New York	2,334	65,897	3.54
9	Nevada	2,070	60,192	3.44
10	Florida	1,784	53,093	3.36
11	District of Columbia	2,570	77,514	3.32
12	South Carolina	1,682	51,704	3.25
13	Rhode Island	2,132	67,814	3.14
14	Arizona	1,724	55,353	3.12
15	New Jersey	2,556	82,427	3.10
16	Oklahoma	1,610	51,958	3.10
17	Georgia	1,632	55,209	2.96
18	South Dakota	1,772	59,987	2.95
19	Pennsylvania	1,828	61,890	2.95
20	Alabama	1,476	50,429	2.93
21	Tennessee	1,452	51,083	2.84
22	Minnesota	1,924	69,625	2.76
23	Missouri	1,550	56,214	2.76
24	Illinois	1,716	65,417	2.62
25	New Mexico	1,306	51,020	2.56
26	Texas	1,420	56,575	2.51
27	Montana	1,354	54,507	2.48
28	Idaho	1,290	52,342	2.47
29	Connecticut	1,984	81,246	2.44
30	Maryland	2,030	83,137	2.44
31	Kansas	1,480	61,013	2.43
32	Colorado	1,562	67,800	2.30
33	Indiana	1,268	55,368	2.29

Continued on next page.

**Table 14.17-- AVERAGE ANNUAL AUTO INSURANCE RATES  
FOR THE 50 STATES AND THE DISTRICT OF COLUMBIA:  
JUNE, 2012-- Con.**

Rank	State	Median price of annual car insurance	Median annual household income	Car insurance as percent of household income
34	Wisconsin	1,400	62,088	2.26
35	Nebraska	1,348	60,812	2.22
36	Vermont	1,380	62,575	2.21
37	Washington	1,458	67,328	2.17
38	North Dakota	1,384	65,207	2.12
39	Wyoming	1,394	65,841	2.12
40	Utah	1,270	61,618	2.06
41	Ohio	1,128	56,518	2.00
42	Maine	1,160	58,197	1.99
43	Virginia	1,444	72,476	1.99
44	California	1,304	65,481	1.99
45	New Hampshire	1,484	74,634	1.99
46	Iowa	1,202	60,917	1.97
47	Oregon	1,108	56,661	1.96
48	Alaska	1,348	76,962	1.75
<b>49</b>	<b>Hawaii</b>	<b>1,244</b>	<b>76,134</b>	<b>1.63</b>
50	North Carolina	860	52,920	1.63
51	Massachusetts	1,128	78,653	1.43

Source: CarInsurance.com "10 states where car insurance really bites your budget"  
<[http://www.carinsurancequotes.com/car\\_insurance-costs](http://www.carinsurancequotes.com/car_insurance-costs)> accessed July 30, 2012.

**Table 14.18-- COST OF LIVING INDEX FOR SELECTED MAJOR CITIES IN THE UNITED STATES AND RANK WORLDWIDE: 2006 TO 2013**

[The survey, conducted in March, covers 214 cities worldwide and measures the comparative cost of over 200 items in each location, including housing, food, clothing, utilities, transportation, and entertainment costs. The higher the index, the lower the rank where a rank of 1 indicates the most expensive city. New York City = 100.0. Honolulu was not among the top 50 in the 2007 Mercer study released June 17, 2007, nor the 2008 on July 13, 2008, nor the 2009 on July 7, 2009, the 2010 on June 29, 2010, the 2011 on July 12, 2011, nor the 2012 on June 12, 2012. There were no United States locations in the 2013 'Top 10' released on July 23, 2013 and the complete lists are not readily available]

City and state	Index 1/			Global rank						
	2006	2008	2009	2006	2008	2009	2010	2011	2012	2013
Atlanta, GA	76.3	(NA)	(NA)	86	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Boston, MA	76.8	(NA)	(NA)	84	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Chicago, IL	84.1	80.3	80.7	38	84	50	(NA)	(NA)	(NA)	(NA)
Cleveland, OH	69.8	(NA)	(NA)	110	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Denver, CO	73.6	(NA)	(NA)	97	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Detroit, MI	68.3	(NA)	(NA)	122	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
<b>Honolulu, HI</b>	<b>80.0</b>	<b>81.4</b>	<b>81.6</b>	<b>67</b>	<b>77</b>	<b>41</b>	<b>(NA)</b>	<b>(NA)</b>	<b>(NA)</b>	<b>(NA)</b>
Houston, TX	78.5	(NA)	(NA)	76	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Los Angeles, CA	86.7	87.5	87.6	29	55	23	55	(NA)	(NA)	(NA)
Miami, FL	83.9	82.0	81.4	39	75	45	(NA)	(NA)	(NA)	(NA)
Morristown, NJ	76.8	(NA)	(NA)	84	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
New York City, NY	100.0	100.0	100.0	10	22	8	27	32	33	(NA)
Pittsburgh, PA	69.4	(NA)	(NA)	113	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Portland, OR	69.7	(NA)	(NA)	111	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
San Francisco, CA	85.0	81.0	82.5	34	78	34	(NA)	(NA)	(NA)	(NA)
Seattle, WA	71.9	(NA)	(NA)	102	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
St. Louis, MO	71.6	(NA)	(NA)	103	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Washington, DC	77.0	(NA)	(NA)	83	(NA)	(NA)	111	(NA)	(NA)	(NA)
White Plains, NY	83.2	79.3	84.7	34	89	31	(NA)	(NA)	(NA)	(NA)
Winston Salem, NC	66.7	(NA)	(NA)	124	(NA)	(NA)	197	(NA)	(NA)	(NA)

1/ "Index" not available in the News Release beyond 2009.  
 Source: Mercer Human Resource Consulting, "Worldwide Cost of Living Survey 2006 – city rankings" <<http://www.mercerhr.com/pressrelease/details.jhtml/dynamic/idContent/1142150>> accessed June 26, 2006; Mercer, "Worldwide Cost of Living survey 2009 – City ranking" (July 7, 2009) <<http://www.mercer.com/summary.htm?idContent=1311145>> accessed July 17, 2009; Ibid. "Worldwide Cost of Living Survey 2010 - City rankings" (June 29, 2010) <[http://www.mercer.com/costoflivingpr#City\\_rankings](http://www.mercer.com/costoflivingpr#City_rankings)> accessed July 8, 2010; Ibid. 2011 (July 12, 2011) <[http://www.mercer.com/costoflivingpr#City\\_rankings](http://www.mercer.com/costoflivingpr#City_rankings)> accessed July 12, 2011; Ibid. "Worldwide Cost of Living Survey 2012 – city ranking" (June 12, 2012) <[http://www.mercer.com/costoflivingpr#City\\_rankings](http://www.mercer.com/costoflivingpr#City_rankings)> accessed July 9, 2012; Ibid. 2013 "African, European, and Asian Cities Dominate the Top 10 Most Expensive Locations for Expatriates" (July 23, 2013) <[http://www.mercer.com/costoflivingpr#City\\_rankings](http://www.mercer.com/costoflivingpr#City_rankings)> accessed July 30, 2013; and FinFacts "Global/World Cost of Living Rankings - 2006-2007" <<http://www.finfacts.com/costofliving3.htm>> accessed July 14, 2006.

**Table 14.19-- TOP 10 MOST EXPENSIVE AND 10 LEAST EXPENSIVE STATES TO LIVE: 2013**

[CNBC considered basic items in the most and least expensive areas of the state. Average price data based on Council for Community and Economic Research C2ER Cost of Living Index, Q1 2013]

Rank	State	Metro area 1/	Average home price	Half gallon of milk	Beef 2/	Monthly energy bill	Doctor visit
<b>Most expensive</b>							
1	Hawaii	Honolulu	742,166	3.41	3.99	333.51	101.80
2	Alaska	Anchorage	467,553	2.41	4.08	169.84	159.20
3	Connecticut	Stamford	585,000	2.77	4.07	236.01	114.55
4	New York	Manhattan	1,351,400	2.42	4.71	237.01	96.00
5	New Jersey	Bergen- Passaic	557,145	3.79	3.43	252.39	103.20
6	California	San Francisco	823,429	2.39	3.24	165.55	130.57
7	Rhode Island	Providence	371,000	2.91	4.07	233.53	149.00
8	Massachusetts	Boston	478,200	2.71	4.29	248.63	149.00
9	Maryland	Bethesda- Gaithersburg- Frederick	577,834	2.59	3.39	205.44	83.60
10	Vermont	Burlington	396,146	2.25	4.19	248.71	111.23
<b>Least expensive</b>							
1	Oklahoma	Ponca City	265,154	2.33	10.22	149.78	78.33
2	Tennessee	Jackson- Madison County	211,238	2.64	8.66	145.98	95.00
3	Idaho	Boise	256,124	1.74	9.48	146.59	118.33
3	Kentucky	Louisville	232,139	1.96	8.99	123.43	86.10
5	Nebraska	Hastings	263,000	1.98	10.99	127.26	71.33
6	Indiana	Fort Wayne	284,543	1.94	11.19	114.72	86.33
7	Arkansas	Little Rock	301,250	2.26	10.84	132.64	100.50
7	Kansas	Dodge City	261,000	2.49	9.50	141.01	90.00
9	Texas	Houston	239,040	2.22	10.03	151.58	94.70
10	Mississippi	Jackson	248,167	2.51	10.44	123.09	80.50

1/ Average home price applies to indicated Metro area.

2/ One pound of ground beef in "Most expensive" and T-bone steak in "Least expensive" areas.

Source: CNBC, "America's Top States for Business - Most Expensive State to Live"

<<http://www.cnbc.com/id/100876442>> accessed July 15, 2013; and "Least Expensive State to Live"

<<http://www.cnbc.com/id/100835110/page/1>> accessed July 15, 2013.

**Table 14.20-- PAY DIFFERENTIALS AND COST OF LIVING INDEXES FOR FEDERAL EMPLOYEES IN HAWAII RELATIVE TO WASHINGTON, D.C., BY COUNTY: 1996 TO 2013**

[As of June 30, 2013]

Effective or survey date	Allowance category	Honolulu	Hawaii	Maui	Kauai
<b>ALLOWANCE RATES</b>					
March 25, 1997	All employees 1/	22.50	15.00	22.50	22.50
December 2, 1997	All employees 1/	22.50	15.00	22.50	22.50
October 21, 1998	All employees 2/	25.00	15.00	22.50	22.50
October 3, 2000	All employees 3/	25.00	16.50	23.75	23.25
November 9, 2001	All employees 4/	25.00	16.50	23.75	23.25
June 30, 2008	All employees 5/	25.00	18.00	25.00	25.00
<b>COLA AND LOCALITY PAY RATES</b>					
January 1, 2009	COLA 5/	25.00	18.00	25.00	25.00
	Locality rate 6/	0.00	0.00	0.00	0.00
January 1, 2010	COLA 6/ 7/	20.94	14.26	20.94	20.94
	Payable locality rate 6/	4.72	4.72	4.72	4.72
	Full locality rate 6/	14.16	14.16	14.16	14.16
January 1, 2011	COLA 6/ 8/	16.07	9.76	16.07	16.07
	Payable locality rate 6/	11.01	11.01	11.01	11.01
	Full locality rate 6/	16.51	16.51	16.51	16.51
January 1, 2012	COLA 6/ 8/	12.25	6.24	12.25	12.25
	Payable locality rate 6/	16.51	16.51	16.51	16.51
	Full locality rate 6/	16.51	16.51	16.51	16.51
<b>INDEXES</b>					
1996 Survey	Cost of Living Index 9/	121.95	111.89	121.36	121.36
1998 Survey	Cost Comparison Index 10/	124.51	110.89	120.32	117.19
2007 Survey	Cost of Living Index 11/	121.37	111.71	123.62	118.14
2007 Survey, 2008 adj.	Cost Comparison Index 11/	121.40	111.74	123.65	118.17

1/ Interim Rule issued on March 25 and Final Rule issued on December 2, 1997.

2/ As Interim Rule on October 21 and as corrected on November 13, 1998. Final Rule published July 17, 2000, effective August 16, 2000. Current law prohibits reduction in COLA rates through December 31, 2000. As part of the COLA Research in the litigation Carabello et al vs United States and as requested by Congress, an Interim Rates and Survey Schedule was announced but not yet enacted. The rates, as of

Continued on next page.

**Table 14.20-- PAY DIFFERENTIALS AND COST OF LIVING INDEXES FOR FEDERAL EMPLOYEES IN HAWAII RELATIVE TO WASHINGTON, D.C., BY COUNTY: 1996 TO 2013 -- Con.**

October 1, 2000, are raised for Hawaii and Maui to 16.50 and 23.75 percent respectively. The Interim Rates as well as those for Kauai may increase further depending upon the results of the 1998 price surveys and the surveys conducted under New Regulations. Also see OMP, Non-Foreign Area Cost-of-Living Allowances, Special COLA Research Announcement, July 17, 2000 and <<http://www.opm.gov/oca/cola/html/cola-n.htm>>.

3/ Interim rule and invitation for comment issued in Federal Register: Vol. 65, No. 192.

4/ Final rule issued in Federal Register: November 9, 2001 (Volume 66, Number 218).

5/ Final rule issued in Federal Register: May 29, 2008 (Volume 73, Number 104).

6/ As provided under the Nonforeign Area Retirement Equity Assurance Act of 2009 (NAREAA) (subtitle B of title XIX of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84, October 28, 2009)), the locality rate for each nonforeign area will be set at two-thirds of the applicable locality rate in January 2011 and the full applicable locality rate in January 2012. Employees in nonforeign areas, e.g. Hawaii, have corresponding reductions in their cost-of-living allowances (COLAs) when locality rates increase.

7/ 2010 COLA rates are also shown in the Compensation Policy Memorandum posted at <<http://www.chcoc.gov/Transmittals/TransmittalDetails.aspx?TransmittalID=2732>>.

8/ 2011 COLA rates are also shown in the Compensation Policy Memorandum posted at <<http://www.chcoc.gov/Transmittals/TransmittalDetails.aspx?TransmittalID=3300>>.

9/ Washington, D.C. living costs=100. Based on a survey of comparative costs for Federal employees in February 1996. The Survey was conducted and indexes calculated by Runzheimer International. The detailed methodology is described in the *Federal Register*: March 25, 1997.

10/ Similar explanation to footnote 8/ except the survey period was 1998 and publication in the Federal Register was July 17, 2000.

11/ Similar explanation to footnote 8/ except the survey period was 2007 and publication in the Federal Register was May 29, 2008.

Source: U.S. Office of Personnel Management, *Federal Register Online* via GPO Access <<http://www.wais.access.gpo.gov>>, Vol. 62, No. 57, March 25, 1997 (pp. 14187-14189); Vol. 62, No. 231, December 2, 1997 (pp. 63630-63631); Vol. 63, No. 203, October 21, 1998 (pp. 56430-56431); Vol. 63, No. 219, November 13, 1998 (p. 63385) and <<http://www.opm.gov/oca/cola/html/c-rates.html>> accessed May 15, 2000. OMP-announced Federal COLA Retro Settlement, 06-23-00 and further developments <<http://www.opm.gov/oca/compmemo/2000/2000-10.htm>>. OMP, Non-Foreign Area Cost-of-Living Allowances, Special COLA Research Announcement, July 17, 2000; OMP, Cost-of-Living Allowances Vol. 65, No. 192, October 3, 2000 (58901-58902) and <<http://www.opm.gov/oca/cola/html/c-rates.html>> accessed June 30, 2007; and *Federal Register*, Vol. 73, No. 104, May 29, 2008 (pp. 30727- 30734) <<http://edocket.access.gpo.gov/2008/pdf/E8-12020.pdf>> accessed May 29, 2008; OPM "Nonforeign Area Cost-of-Living Allowances" <<http://www.opm.gov/oca/cola/rates.asp>> accessed July 8, 2011; OPM, Memorandum for Heads of Executive Departments and Agencies "Executive Order for 2011 Pay Schedules" (December 20, 2010) <<http://www.chcoc.gov/Transmittals/TransmittalDetails.aspx?TransmittalID=3300>> accessed July 11, 2012; and OPM, "COLA and Locality Pay Rates in Nonforeign Areas 2009-2012" <[http://archive.opm.gov/oca/cola/COLA10\\_12.asp](http://archive.opm.gov/oca/cola/COLA10_12.asp)> accessed July 20, 2013.



**Table 14.21-- COST OF LIVING ALLOWANCE INDEXES FOR MILITARY IN HAWAII RELATIVE TO CONTINENTAL UNITED STATES, BY ISLAND**

[As of July 1, 2013. Index number continental United States=100]

Effective date	Locality	Locality code 1/	Index
June 1, 2013	Hawaii (island)	HI 001	136
June 1, 2013	Kauai	HI 003	144
June 1, 2013	Maui	HI 005	144
June 1, 2013	Molokai	HI 007	144
June 1, 2013	Oahu	HI 009	136
November 8, 1989	Other islands	HI 999	(1/)

1/ Locality Code is assigned by the Department of Defense to identify each area entitled to COLA. Location code "HI 999 - Other islands" is a valid location but COLA is not currently prescribed for this Hawaii location.

Source: U.S. Department of Defense, Defense Travel Management Committee, Overseas Cost-of-Living Program, "Changes Effective 1 July 2013, Table III - Cost-of-Living Allowance (COLA) Indexes", p.4 <[http://www.defensetravel.dod.mil/Docs/perdiem/browse/Allowances/Appendix\\_J\\_Overseas\\_COLA\\_Tables/2013-COLA-Indexes/07-01-13\\_COLA\\_Indices.pdf](http://www.defensetravel.dod.mil/Docs/perdiem/browse/Allowances/Appendix_J_Overseas_COLA_Tables/2013-COLA-Indexes/07-01-13_COLA_Indices.pdf)> accessed July 20, 2013.

**Table 14.22-- PER DIEM RATES FOR MILITARY IN HAWAII, BY ISLAND OR INSTALLATION**

[As of July 1, 2013. In dollars per day. To calculate a per diem rate: maximum lodging plus meals (local, proportional, or government) plus incidental rate (local or onbase) as specified in the travel orders. Once effective, the rates apply January 1 - December 31]

Locality	Maximum per diem rate 1/	Maximum lodging	Local meals rate	Proportional meals rate	Local incidental rate 2/	Effective date
Camp H.M. Smith	291	177	91	52	23	July 1, 2013
EASTPAC Naval COMP TELE Area	291	177	91	52	23	July 1, 2013
Ft. DeRussey	291	177	91	52	23	July 1, 2013
Ft. Shafter	291	177	91	52	23	July 1, 2013
Hickam Air Force Base	291	177	91	52	23	July 1, 2013
Honolulu	291	177	91	52	23	July 1, 2013
Isle of Hawaii: Hilo	209	114	76	44	19	July 1, 2013
Isle of Hawaii: other	317	180	110	61	27	July 1, 2013
Isle of Kauai	374	243	105	59	26	May 1, 2013
Isle of Maui	392	259	106	59	27	July 1, 2013
Isle of Oahu	291	177	91	52	23	July 1, 2013
Kekaha Pacific Missile Range Fac.	374	243	105	59	26	May 1, 2013
Kilauea Military Camp	209	114	76	44	19	July 1, 2013
Lanai	404	249	124	68	31	May 1, 2013
Lualualei Naval Magazine	291	177	91	52	23	July 1, 2013
Marine Corps Base Hawaii	291	177	91	52	23	July 1, 2013
Molokai	203	131	58	35	14	July 1, 2013
NAS Barbers Point	291	177	91	52	23	July 1, 2013
Pearl Harbor	291	177	91	52	23	July 1, 2013
Schofield Barracks	291	177	91	52	23	July 1, 2013
Wheeler Army Airfield	291	177	91	52	23	July 1, 2013
Other 3/	209	114	76	44	19	July 1, 2013

1/ For reimbursement of subsistence expenses incurred during official OCONUS (Outside Continental United States) travel.

2/ The standard onbase incidental rate is \$3.50 OCONUS-wide.

3/ Use this rate if neither the city nor military installation is listed.

Source: U.S. Department of Defense, Defense Management Travel Office, Rates and Allowances, Per Diem Rates, Hawaii <<http://www.defensetravel.dod.mil/site/perdiem.cfm>> accessed July 24, 2013.

United States  
Department of  
Agriculture



Center for Nutrition  
Policy and Promotion

Miscellaneous  
Publication  
Number 1528-2011

# Expenditures on Children by Families, 2011

EXH 3 DATE 6/19/15  
WITNESS LISA NAKAO  
SUE M. FLINT

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U.S. Department of Agriculture, Center for Nutrition Policy and Promotion.  
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## **Abstract**

Since 1960, the U.S. Department of Agriculture has provided estimates of expenditures on children from birth through age 17. This technical report presents the most recent estimates for husband-wife and single-parent families using data from the 2005-06 Consumer Expenditure Survey, updated to 2011 dollars using the Consumer Price Index. Data and methods used in calculating annual child-rearing expenses are described. Estimates are provided for major components of the budget by age of child, family income, and region of residence. For the overall United States, annual child-rearing expense estimates ranged between \$12,290 and \$14,320 for a child in a two-child, married-couple family in the middle-income group. Adjustment factors for number of children in the household are also provided. Results of this study should be of use in developing State child support and foster care guidelines, as well as in family educational programs.

The publication appears on our Web site at [www.cnpp.usda.gov](http://www.cnpp.usda.gov).

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**June 2012**

# Expenditures on Children by Families, 2011

**Mark Lino, PhD**

U.S. Department of Agriculture  
Center for Nutrition Policy and Promotion

**Miscellaneous Publication  
Number 1528-2011**

**June 2012**

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# Expenditures on Children by Families, 2011

## Executive Summary

Since 1960, the U.S. Department of Agriculture (USDA) has provided estimates of annual expenditures on children from birth through age 17. This technical report presents the 2011 estimates for husband-wife and single-parent families. Results are shown in tables 1-7 at the end of this report. Expenditures are provided by age of children, household income level, major budgetary component (housing, food, etc.), and region (for husband-wife families).

## Methods

Data used to estimate expenditures on children are from the 2005-06 Consumer Expenditure Survey—Interview portion (CE). Administered by the U.S. Census Bureau, U.S. Department of Commerce, under contract with the Bureau of Labor Statistics (BLS), U.S. Department of Labor, this survey is the most comprehensive source of information on household expenditures available at the national level. The sample consisted of 11,800 husband-wife households and 3,350 single-parent households and was weighted to reflect the U.S. population of interest by using BLS weighting methods.

The CE collects overall household expenditure data for some budgetary components (housing, food, transportation, health care, and miscellaneous goods and services) and child-specific expenditure data for other components (clothing, child care, and education). Child-specific expenses were allocated directly to children. Food and health care expenses were allocated to children based on findings from Federal surveys on children's budget shares. Family-related transportation expenses and miscellaneous expenses were allocated by using a per capita method. This method is preferable over a marginal cost method that measures child-rearing expenditures as the difference in expenses between equivalent couples with and without children. The average cost of an additional bedroom approach was used to estimate housing expenses on a child.

Although based on the 2005-06 CE, the expense estimates were updated to 2011 dollars by using the Consumer Price Index (CPI) for specific budgetary components: 2005 expenditure and income data were first converted to 2006 dollars to complete the analysis and then the results were updated to 2011 dollars.

## Selected Results

- Child-rearing expenses vary considerably by household income level. For a child in a two-child, husband-wife family, annual expenses ranged from \$8,760 to \$9,970, on average, (depending on age of the child) for households with before-tax income less than \$59,410, from \$12,290 to \$14,320 for households with before-tax income between \$59,410 and \$102,870, and from \$20,420 to \$24,510 for households with before-tax income more than \$102,870.
- As a proportion of total child-rearing expenses, housing accounted for the largest share across income groups, comprising 30 to 32 percent of total expenses on a child in a two-child, husband-wife family. For families in the middle-income group, child care/education (for those with the expense) and food were the next largest average expenditures on a child, accounting for 18 and 16 percent of child-rearing expenses, respectively.
- Annual expenditures on children generally increased with age of the child. This fact was the same for both husband-wife and single-parent families.
- Overall annual child-rearing expenses were highest for husband-wife families in the urban Northeast, followed by families in the urban West and urban Midwest; families in the urban South and rural areas had the lowest child-rearing expenses.
- Compared with expenditures on each child in a two-child, husband-wife family, expenditures by husband-wife households with one child average 25 percent more on the single child and expenditures by households with three or more children average 22 percent less on each child.
- Child-rearing expense patterns of single-parent households with a before-tax income less than \$59,410 were 7 percent lower than those of husband-wife households in the same income group. Most single-parent households were in this income group (compared with about one-third of husband-wife families).

## Other Expenditures on Children

Expenditures for major budgetary components estimated in this study consisted of direct parental expenses made on children through age 17. These expenditures exclude college costs and other parental expenses on children after age 17. In addition, expenditures on children made by people outside the household and by the government are not included. Indirect costs involved in child rearing by parents (time costs and foregone earnings and career opportunities) are also not included in the estimates.



## Expenditures on Children by Families, 2011

The U.S. Department of Agriculture (USDA) has provided estimates of expenditures on children from birth through age 17 since 1960. These estimates may be used in developing State child support guidelines and foster care payments, as well as in family education programs. This report presents 2011 estimated child-rearing expenses by husband-wife and single-parent families. The figures for 2011 are shown in tables 1-7 at the end of this report. The 2011 USDA estimates are not directly comparable to previous estimates (U.S. Department of Agriculture, 1981; Lino, 2008) because of changes in methods.

For husband-wife families, child-rearing expenses are for three income groups and for single-parent families, two income groups. To adjust partially for price differentials and varying patterns of expenditures, USDA also provides estimates for husband-wife families in various regions, as well as the United States overall. For single-parent families, estimates are provided only for the United States overall because of limitations in sample size. For all families, expenditures on children are estimated for the major budgetary components: Housing, food, transportation, clothing, health care, child care and education, and miscellaneous goods and services (entertainment, personal care items, etc.).

This report presents the USDA methodology for deriving expenditures on children and the results. First, data used in determining child-rearing expenditures will be described. These data contain overall household expenditures for some budgetary components and child-specific expenditures for other components. Overall household expenditures must be allocated among family members to determine expenses on children. Second, the allocation methods used by USDA will be explained, along with general estimation techniques. Third, an overview of the results will be given. Fourth, how the USDA estimates on child-rearing expenses compare with the results of alternative methodologies on estimating child-rearing expenses will be discussed. The report ends with an explanation of how future child-rearing expenses may be determined and a discussion on other expenses on children not included in this report.

### Estimating and Allocating Expenditures on Children

#### Data Used

Since 1960, the first year USDA produced child-rearing expense estimates, the Consumer Expenditure Survey (CE) has been used as the basis for the estimates. The CE is also used in alternative methodologies on estimating child-rearing expenses. CE data are the most comprehensive source of information on household expenditures available at the national level, containing expenditure data for housing, food, transportation, clothing, health care, child care and education, and miscellaneous goods and services (the box below describes the specific items in each expenditure component).

## **Categories of Household Expenditures**

Housing expenses consist of shelter (mortgage payments, property taxes, or rent; maintenance and repairs; and insurance), utilities (gas, electricity, fuel, cell/telephone, and water), and house furnishings and equipment (furniture, floor coverings, major appliances, and small appliances). Mortgage payments included principal and interest payments. Overall, principal payments constituted 15 percent of overall housing expenses.

Food expenses consist of food and nonalcoholic beverages purchased at grocery, convenience, and specialty stores, including purchases with Food Stamp Program (now the Supplemental Nutrition Assistance Program) benefits; dining at restaurants; and household expenditures on school meals.

Transportation expenses consist of the monthly payments on vehicle loans, downpayments, gasoline and motor oil, maintenance and repairs, insurance, and public transportation (including airline fares).

Clothing expenses consist of children's apparel such as diapers, shirts, pants, dresses, and suits; footwear; and clothing services such as dry cleaning, alterations, and repair.

Health care expenses consist of medical and dental services not covered by insurance, prescription drugs and medical supplies not covered by insurance, and health insurance premiums not paid by an employer or other organization. Medical services include those related to physical and mental health.

Child care and education expenses consist of day care tuition and supplies; baby-sitting; and elementary and high school tuition, books, fees, and supplies. Books, fees, and supplies may be for private or public schools.

Miscellaneous expenses consist of personal care items (haircuts, toothbrushes, etc.), entertainment (portable media players, sports equipment, televisions, computers, etc.), and reading materials (nonschool books, magazines, etc.).

USDA's latest estimates are based on data from the 2005-06 CE—Interview Survey component. Administered by the U.S. Census Bureau, U.S. Department of Commerce, under contract with the Bureau of Labor Statistics (BLS), U.S. Department of Labor, the CE collects information on characteristics, income, and expenditures of consumer units. For this study, the terms households and families are used for consumer units. During most of 2005-06, about 7,000 to 7,800 households were interviewed each quarter, bringing the total number of interviews in each year's survey to over 28,000. Due to the rotating sample design of the Interview Survey, each sample household could be interviewed up to four consecutive quarters over the 2-year period. Households report expenditures for the 3 months prior to the interview month. Since the households interviewed each quarter are deemed an independent sample by BLS, the 3-month expenditures they report may be annualized (U.S. Department of Labor, 2007) for analytical purposes.

Child-rearing expenses of 11,800 husband-wife and 3,350 single-parent families where the parents were ages 20 to 60 were examined. These households had at least one child of their own, age 17 or under, in the household, and there were no other related or unrelated people present in the household except their own children. Most single-parent families (85 percent) were headed by a woman. BLS methods were used to weight all data to reflect the U.S. population of interest.

Although based on 2005-06 data, the expense estimates were updated to 2011 dollars by using the Consumer Price Index (CPI). Expenditure and income data for 2005 were first converted to 2006 dollars, analysis was undertaken, and then the resulting estimations were updated to 2011 dollars. Income levels of households were updated to 2011 dollars by using the all-items category of the CPI, and expenditures were updated by using the CPI for the corresponding budgetary component (i.e., the CPIs for housing, food, etc.). Regional CPIs were used to update the regional estimates to 2011 dollars.

Although the CE provides the best available data for estimating spending on children, it has its limitations. The CE contains overall household expenditure data for some budgetary components (housing, food, transportation, health care, and miscellaneous goods and services) and child-specific expenditure data for other components (children's clothing, child care, and education). Thus, to estimate child-rearing expenses, these household-level expenditures must be allocated among family members. The next sections describe the methodology used by USDA to allocate these household expenditures. Two different models were used, one to determine food, transportation, health care, clothing, child care and education, and miscellaneous expenses on children, and the other to determine housing expenses on children.

### **Determining Food, Transportation, Health Care, Clothing, Child Care and Education, and Miscellaneous Expenses on Children**

For these budgetary components, multivariate analyses were used to estimate household and child-specific expenditures. These analyses controlled for income level, family size, and age of the younger child so that estimates could be made for families with these varying characteristics. The estimation model, conducted separately for husband-wife and single-parent households, for the overall United States was:

$$(1) E_i = f(Y, HS, CA)$$

where:

$E_i$  = household expenditures on a particular budgetary component (food, transportation, health care, children's clothing, child care and education, and miscellaneous goods and services)

$Y$  = household before-tax income (divided into three groups for husband-wife families: < \$59,410, \$59,410 to \$102,870, and > \$102,870 in 2011 dollars, and two groups for single-parent families: < \$59,410 and \$59,410 or more in 2011 dollars)

$HS$  = number of children in the household (divided into three groups: 1 child, 2 children, and 3 or more children)

$CA$  = age of the younger child (divided into six age groups: 0-2, 3-5, 6-8, 9-11, 12-14, and 15-17)

For the regional estimates of expenditures on children in husband-wife households, the model was:

$$(2) E_i = f(Y, HS, CA, RG)$$

where  $E_i$  through  $CA$  are the same as before and

$RG$  = region (divided into five regions: urban Northeast, urban South, urban Midwest, urban West, and rural areas)

Ordinary Least Squares analysis was used to estimate expenditures on food, transportation, child care and education, and miscellaneous goods and services. Tobit analysis was used to estimate expenditures on health care and children's clothing because although most households had an expenditure on these budgetary components, over 10 percent reported zero expenses. Because of these zero expenditures, tobit analysis yields statistically better (unbiased) estimates than does Ordinary Least Squares analysis. The procedure outlined by McDonald and Moffitt (1980) was used to transform the estimates resulting from the tobit analysis into dollars. The coefficients of the estimates were used to calculate the expenditures for the budgetary components for each income group, age of the younger child, and region (for husband-wife families) for a two-child family. Households with two children were selected as the standard because two children was the average for husband-wife and single-parent families in 2005-06 based on CE data. Age of the older child was not controlled for because the focus was on the younger child and by doing so, results would only be applicable to families with an older child in a certain age category. It was therefore assumed the distribution of age ranges of the older child was similar across families. Also, additional analysis focused on the older child (see "Adjustments for Older Children and Household Size" section). Typically, the older child was 3 to 4 years older than the younger child and under age 18.

The three income groups of husband-wife households (before-tax income under \$59,410, between \$59,410 and \$102,870, and over \$102,870 in 2011 dollars) were determined by dividing the sample of husband-wife families for the overall United States into equal thirds. Income intervals were used to be consistent with previous USDA studies. These three income groups will be referred to as the lower (although most families in this group are above the poverty threshold), middle, and higher income groups. Income groups of single-parent households (before-tax income under \$59,410 and \$59,410 and over in 2011 dollars) were selected to correspond with the income groups used for husband-wife households for comparison purposes, that is, to see how child-rearing expenditures differed between husband-wife and single-parent households in the same income group. This income includes child-support payments. The two higher income groups used with husband-wife families were combined in the case of single-parent families because only 15 percent of these households had a before-tax income of \$59,410 and over.

Estimates were made for six age categories of younger children (0-2, 3-5, 6-8, 9-11, 12-14, and 15-17 years) because spending on children differs by age of the child. These age categories approximate the different stages of childhood and have historically been used. The focus was on the younger child in a household because the older child was sometimes over age 17. If the older child had been selected as the household member of interest, expenditures may be different. Also, if households with one or three or more children had been selected, per-child expenditures would reflect the differences in family size. As the number of children in a family increases, the allocation of resources among children changes. To adjust expenditures for the older child and number of children, see discussion beginning on page 15.

For husband-wife families, estimates are provided for the urban Northeast, urban South, urban Midwest, urban West, and rural areas overall, as well as for the overall United States. Urban areas are defined as Metropolitan Statistical Areas (MSAs) and other places of 2,500 or more people outside an MSA; rural areas are places of fewer than 2,500 people outside an MSA. Sample sizes were not sufficient to conduct regional analysis for single-parent families.

Once the expenditures on the budgetary components were estimated, they were allocated to children. The allocation methods varied by budgetary component and are described below.

**Clothing.** The CE collects data on how much families are spending on children's shoes, pants, dresses, and so on. Hence, estimated expenditures for clothing may be readily assigned to children. It was assumed these expenses were equally allocated to each child in the two-child household when both children were less than age 18. CE data on children's clothing expenditures were for children age 15 and under. For the estimates, it was assumed the clothing expenditures of a 16- or 17-year-old were similar to those of a 15-year-old; thus, these older teenagers were assigned the expenditures of a 15-year-old. Also, expenditures for clothing services (dry cleaning, alterations, etc.), which account for a smaller proportion of total clothing expenses, were estimated for the overall household and allocated on a per capita basis among household members.

**Child care and education.** Child care and education was the only budgetary component for which about half of all households reported no expenditure. Expenditure on this budgetary component rose with household income level: For husband-wife families, 31 percent in the lower income group had this expenditure, compared with 45 and 56 percent in the middle and higher income groups; for single-parent families, the percentages were 34 and 44 percent for the lower and higher income groups. Previous USDA estimates of child care/education expenses on a child consisted of households with the expense as well as households without the expense. However, to be more applicable to families, this update included only those families with the expense. For families without child care/education expenses, this budgetary component would amount to zero; therefore, total expenditures on a child should be adjusted to account for this.

As with clothing, estimated expenditures for child care/education in the CE were only for the children in the household so may be readily assigned to them. It was assumed these expenses were equally allocated to each child in the two-child household when both children were less than age 18. For preschool children, most of this budgetary-component expenditure is for child care, whereas for older children, most of this expenditure is for education (a major reason the two components are combined; otherwise, many age categories would have a negligible expense either for one or the other). The child care figures include families with part-time child care on a regular or irregular basis; therefore, they appear low when compared with those with full-time care. For more detailed analysis of average weekly child care expenses for families with the expense, see U.S. Census Bureau (2011). It should be noted that by only including households with child care/education expenses, the total expenses on a child as a result of summing the budgetary components may be overestimated because those with child care/education expenses may have to draw from other child-rearing budgetary components (e.g., housing, transportation, miscellaneous) to pay for it.

Food. Although the CE did not collect expenditures on food by family member, data from the 2008 USDA food plans (U.S. Department of Agriculture, 2008) are used to calculate the shares of total household food expenses spent on children. These shares were used to apportion household food expenses by age of the household member, household size, and income. The USDA food plans are based on household food use and individual intake, as well as food expenditure data. The food plans also reflect the cost of a nutritious diet, which accounts for food costs, nutritional needs, and consumption behavior. These food budget shares, as derived from the USDA food plans, were applied to estimated household food expenditures to determine food expenses on children. The food budget shares ranged between 17 to 25 percent for a child in a two-child, husband-wife family and 25 to 34 percent for a child in a two-child, single-parent family (these shares being higher for a three-person household). Food budget shares generally increased with the age of the child and did not vary much by household income level.

Health care. Like food, expenditures on health care by family members were not collected by the CE. Data from other sources—in this case, the U.S. Department of Health and Human Services' 2005 Medical Expenditure Panel Survey—show the share of household out-of-pocket health care expenses spent on children. These shares were used to apportion family health care expenses by age of the household member, household size, and income. The Medical Expenditure Panel Survey is a nationally representative longitudinal survey that collects detailed information on health care utilization and expenditures, health insurance, and health status, as well as a wide variety of social, demographic, and economic characteristics for the civilian noninstitutionalized population. (See Bernard, 2007, for more information about this survey, as well as for out-of-pocket expenditures on health care.)

These health care budget shares, as derived from the survey, were applied to estimated household health care expenditures to determine health care expenses on children. The health care budget shares ranged between 16 to 25 percent for a child in a two-child, husband-wife family and 24 to 33 percent for a child in a two-child, single-parent family (these shares again being higher for a three-person household). Health care budget shares generally increased with the age of the child and did not vary much by household income level. As an example of how health care expenditures were calculated on a 6- to 8-year-old, who is the younger child in a husband-wife, two-child household in the middle-income group, overall household health care expenditures were estimated from the multivariate analysis to be \$5,222 in 2011 dollars for this family type. Based on the Medical Expenditure Panel Survey, the health care budget share for this 6- to 8-year-old was figured to be 18 percent. Thus, health care expenditures on the 6- to 8-year-old were estimated to be \$940 ( $=\$5,222 \times 0.18$ ).

Transportation. Transportation expenses related only to family-related activities were examined when determining child-rearing transportation expenses. These activities accounted for 59 percent of total transportation, according to a U.S. Department of Transportation study (Hu & Reuscher, 2004). Other transportation expenses, mainly those due to employment, as well as some household maintenance, are not related directly to expenses on children, so these types of transportation expenses were excluded.

Unlike data for food and health care, no other data show the share of transportation expenses associated with child rearing. Hence, to allocate these expenses, the per capita method was used to determine family-related transportation expenses on a child by allocating in equal proportions the expenses among household members. One of the first studies on child-rearing expenses also used the per capita approach to allocate transportation expenses among family members (Dublin & Lotka, 1946). The per capita method for allocating transportation does not account for some families driving larger vehicles because of children, likely leading to underestimates of transportation expenses on children. Although the per capita method has its limitations, these were judged less severe than those of alternative approaches (see the “Alternative Estimates of Expenditures on Children” section of this report). For a child in a two-child, husband-wife family, the per capita method (factoring in only family-related travel) resulted in approximately 15 percent of total transportation expenses being allocated to the child; for a child in a two-child, single-parent family, 20 percent.

Miscellaneous expenses. As with expenditures on transportation, no other data show the share of miscellaneous expenses (personal care items, such as haircuts, toothbrushes, etc.; entertainment, such as portable media players, sports equipment, computers, etc.; and reading materials, such as nonschool books, magazines, etc.) attributed to child rearing. Therefore, the per capita method was used to apportion miscellaneous expenses among family members. For many of the goods and services in this budgetary component, such as fees and admissions, videos, and personal care items, the per capita method is reasonable because such goods and services are likely to be equally shared by family members.

### **Determining Housing Expenses on Children**

One method to estimate housing expenses on a child is to track families over time and see how their housing expenses change exclusively as a result of children being added to the household. One would expect families to increase their housing expenditures as they move to larger residences to accommodate children. Child-related housing costs could therefore be calculated by utilizing these additional costs. However, CE data have annual family housing expenses. So, to determine child-rearing housing expenses, one must use this information.

Based on the rationale that over time the presence of a child in a home does not affect the number of kitchens or living rooms, but does affect the number of bedrooms (analysis of CE data confirmed this), the average cost of an additional bedroom approach was used to estimate housing expenses on a child in husband-wife and single-parent households. Previously, a per capita approach was used by USDA to estimate children’s housing expenses, where housing expenses were assigned to household members in equal proportions. Because more data on housing characteristics have been made available in the CE survey over time, this average cost of an additional bedroom approach was developed. Specifically, this approach calculates child-rearing housing expenses as the extra housing costs associated with an additional bedroom in a home for families with children and in each income interval. Multivariate analysis was used



to determine the average additional costs by regressing housing expenditures on the number of bedrooms in a home controlling for income level. The analysis was conducted separately for husband-wife and single-parent families. Housing expenses were adjusted to account for regional variation in the case of husband-wife families.

Because most families with children resided in a three- or four-bedroom home, housing expenses on a child were calculated as the average additional cost of one (but not both) of these bedrooms. It was assumed that children in a two-child family do not share a bedroom. With this method, housing expenses on a child include the costs of utilities and furniture associated with the additional bedroom. These expenses also do not vary by age of the child because costs due to the bedroom would not be expected to differ much by age.

The average cost of an additional bedroom approach is a conservative estimate of housing expenses on children because it does not account fully for the fact that some families pay more for housing to live in a community with good schools or other amenities for children. Part of this expense is captured in the cost of the additional bedroom, but parents may be spending more on their own housing to live in certain communities than they would without children. In addition, it is a conservative estimate because it does not account fully for parents' purchasing of a home with a larger yard, a playroom, or child-specific furnishings in other rooms of the home because of children in the household; however, data on these housing characteristics are limited.

A variation of the average cost of an additional bedroom approach that could account for these factors (better schools, larger yards, etc.) would be to compare the extra housing expenses due to an additional bedroom of couples with children with the expenses of couples without children. Initial estimates based on this variation resulted in slightly higher housing expenses on a child than reported here. This approach was ultimately not used because of difficulties in establishing a comparison group of childless families not composed of "empty nest" households at various income levels.

In addition, it is likely that younger couples without children buy larger houses in anticipation of having children. Comparing the expenditures of these couples with those of similar couples with children could lead to underestimates of housing expenditures on children because couples without children have incorporated possible future children in their housing expenditures. For single-parent households, selection of a comparison group is difficult. Single individuals (with no children) would include many people spending more on housing because they do not have child-rearing obligations. Using the housing expense difference between these people and single-parent families could lead to severe underestimates of housing expenditures on children in single-parent families.

For more information on how the USDA child-rearing housing expense estimates compare to alternative methodologies, including per capita and marginal cost approaches, and how they may be adjusted to reflect these alternative methodologies, see Lino and Carlson (2010).

## Results

Complete estimates of child-rearing expenditures by husband-wife and single-parent families are contained in tables 1-7 at the end of this report. The following sections discuss major findings regarding these child-rearing expenditures.

### Husband-Wife Families

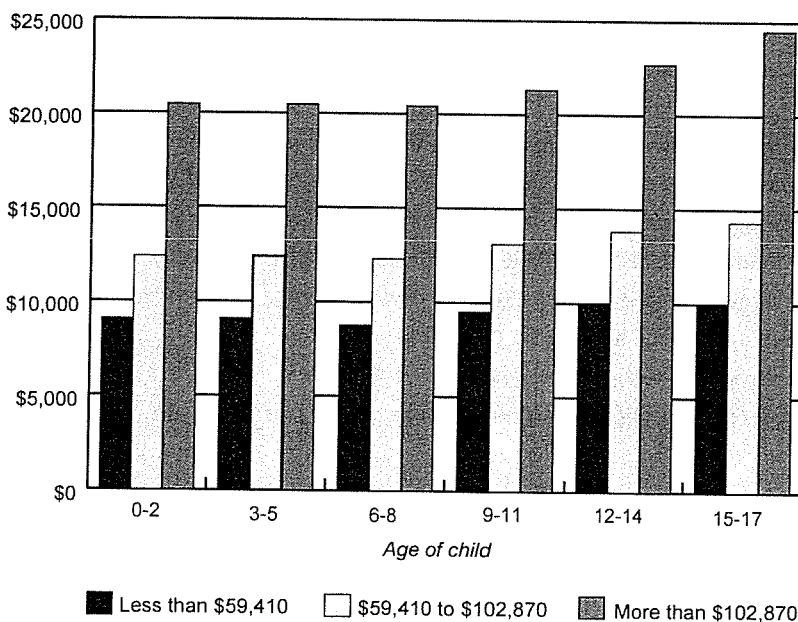
#### *Child-Rearing Expenses and Household Income Are Positively Related*

In 2011, estimated annual average expenses on the younger child in two-child, husband-wife families increased as income level rose (fig. 1). Depending on age of the child, annual expenses ranged from \$8,760 to \$9,970 for families with a before-tax income less than \$59,410, from \$12,290 to \$14,320 for families with a before-tax income between \$59,410 and \$102,870, and from \$20,420 to \$24,510 for families with a before-tax income more than \$102,870.

On average, households in the lowest income group spent 25 percent of their before-tax income on a child; those in the middle-income group, 16 percent; and those in the highest group, 12 percent. The range among these percentages would be narrower if after-tax income were considered.

The amount spent on a child by families in the highest income group, on average, was more than twice the amount spent by families in the lowest income group. This amount varied by budgetary component. In general, expenses on a child for goods and services considered to be necessities (e.g., food and clothing) did not vary as much as those considered to be discretionary (e.g., miscellaneous expenses) among households in the three income groups.

**Figure 1. Family expenditures on a child, by income level and age of child,<sup>1</sup> 2011**



<sup>1</sup>U.S. average for the younger child in husband-wife families with two children.

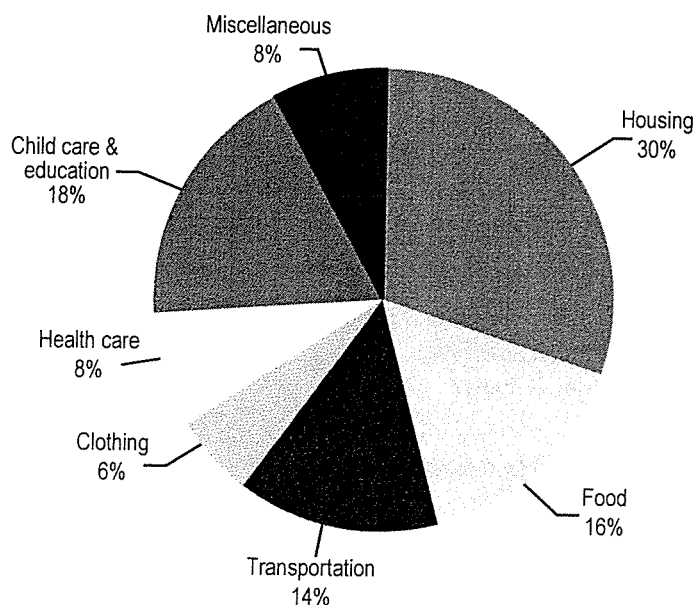
***Housing Is the Largest Expense on a Child***

Housing accounted for the largest share of total child-rearing expenses. Figure 2 demonstrates this for the younger child in husband-wife, middle-income families with two children. Based on expenses incurred among all age groups, housing accounted for 32 percent of child-rearing expenses for a child in the lowest income group, 30 percent in the middle-income group, and 32 percent in the highest income group.

As previously discussed, child care and education was the only budgetary component for which many households had a zero expenditure and the others had a positive expenditure. The USDA estimates include only families with expenditures on this budgetary component. For the middle and highest income groups (for households with the expense), child care and education was the second largest expenditure on a child, accounting for 18 and 23 percent of child-rearing expenses, respectively. For the lowest income group, child care and education accounted for 14 percent of total child-rearing expenses (again, for households with the expense). It should be noted for lower income families, child care may be provided by relatives or friends at no cost due to affordability issues.

Food was the second largest expense on a child for families in the lowest income group, accounting for 18 percent of total expenditures. Food was the third largest expense on a child for families in the middle income group, accounting for 16 percent of total expenditures. Transportation made up 13 to 15 percent of total child-rearing expenses over the income groups.

**Figure 2. Expenditure shares on a child from birth through age 17 as a percentage of total child-rearing expenditures,<sup>1</sup> 2011**

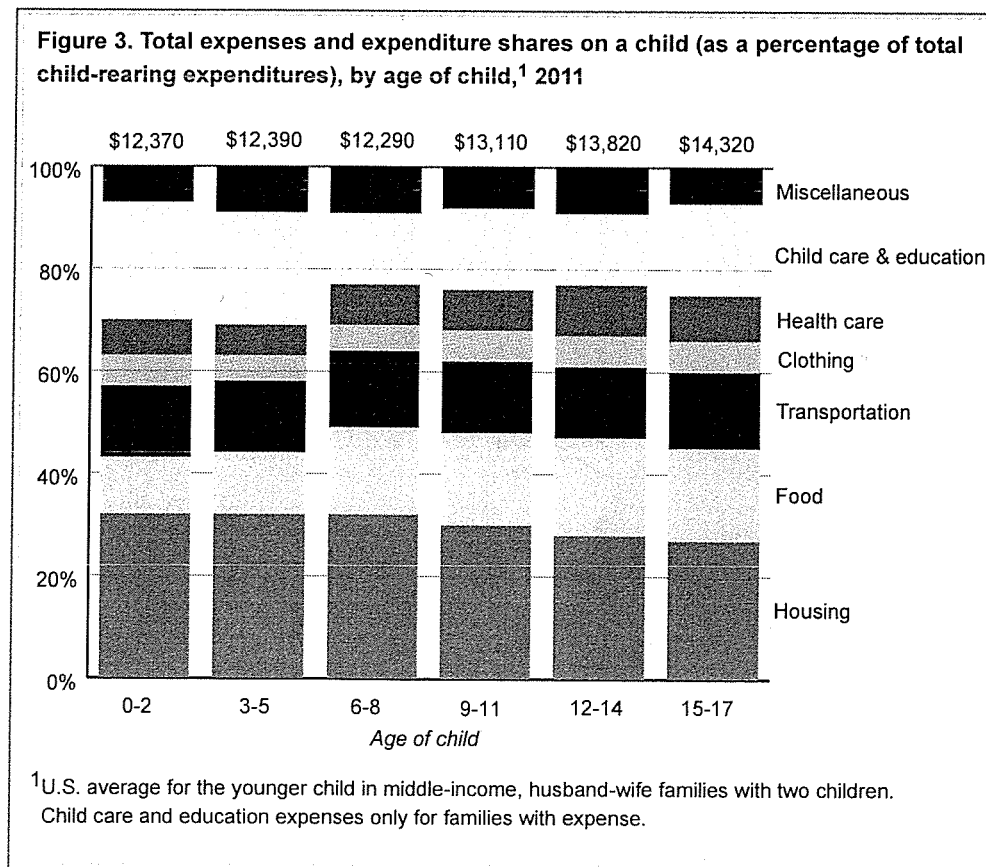


<sup>1</sup>U.S. average for the younger child in middle-income, husband-wife families with two children. Child care and education expenses only for families with expense.

Across the three income groups, miscellaneous goods and services accounted for 6 to 9 percent of child-rearing expenses; clothing (excluding gifts or hand-me-downs), 5 to 7 percent; and health care, 6 to 8 percent. Expenditures for health care consist of out-of-pocket expenses only (including insurance premiums not paid by an employer or other organizations) and not that portion covered by health insurance. Annual expenditures on clothing for teens, as based on the CE data, are similar to the findings of another survey of annual spending on teen apparel (PiperJaffray, 2010).

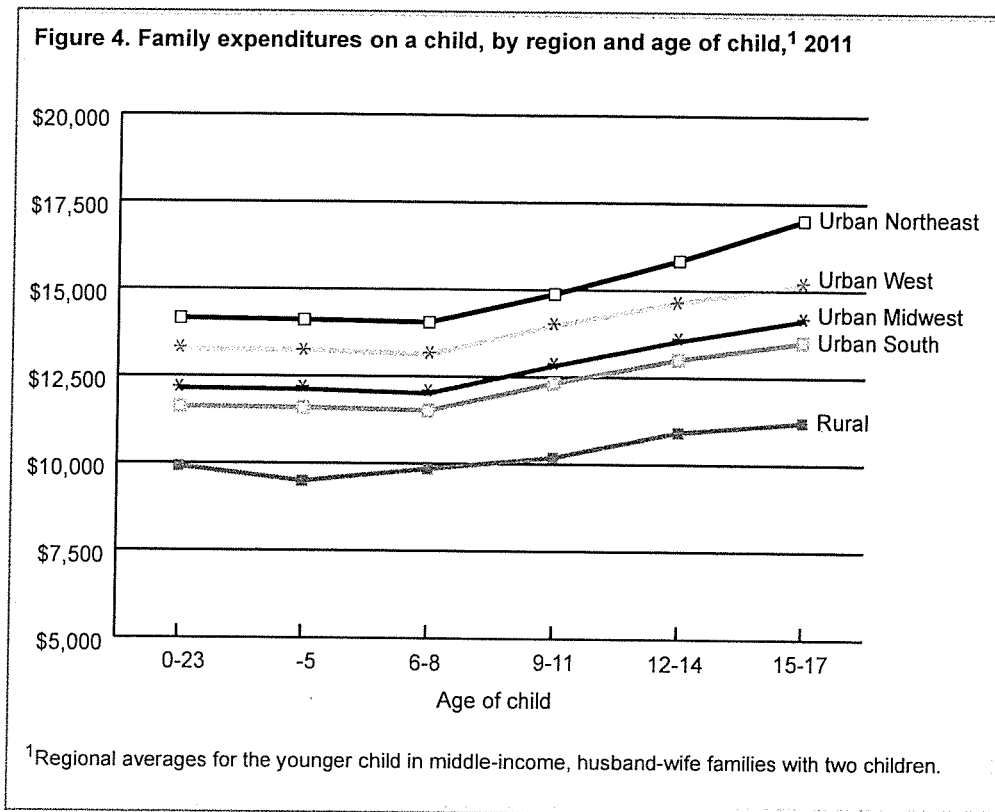
**Expenses Increase as a Child Ages**

Expenditures on a child in husband-wife families were generally lower in the younger age categories and higher in the older age categories. Figure 3 depicts this for families in the middle-income group. This relationship held across income groups. For all three income groups, food, transportation, clothing, and health care expenses on a child generally increased as the child grew older. As children age, they have greater nutritional needs so consume more food. Transportation expenses were highest for a child age 15 to 17, when he or she would start driving. Child care and education expenses were generally highest for a child under age 6. Most of this expense may be attributed to child care at this age.



***Child-Rearing Expenses Are Highest in the Urban Northeast***

Child-rearing expenses in the regions of the country reflect patterns observed in the overall United States for husband-wife families: In each region, expenses on a child increased with household income level and typically with age of the child. Figure 4 shows total child-rearing expenses by region and age of a child for the younger child in middle-income, two-child families. Overall, child-rearing expenses were highest in the urban Northeast, followed by the urban West and urban Midwest. Child-rearing expenses were lowest in the urban South and rural areas. Much of the regional difference in expenses on a child was related to housing costs and child care and education expenses. Total housing expenses on a child were highest in the urban Northeast and urban West and lowest in rural areas. Child care and education expenses were highest for families in the urban Northeast. Child-rearing transportation expenses were highest for families in the urban West and rural areas. This likely reflects the longer traveling distances in these areas.



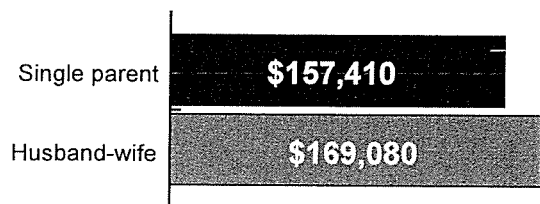
### Single-Parent Families

Expenses on a child in single-parent families generally followed the same pattern as expenses on a child in husband-wife families: Expenses increased as household income level rose; housing, food, and child care/education (for those with the expense) accounted for the largest budgetary shares; and more was spent as children aged. An interesting question is, “How do child-rearing expenses of single-parent families compare with those of husband-wife families?”

Figure 5 presents a comparison of estimated expenditures on a younger child in a two-child, husband-wife and single-parent household with a before-tax income less than \$59,410; as previously discussed, 85 percent of single-parent families and 33 percent of husband-wife families were in this lower income group and this income included child support payments. Total expenditures on a child up to age 18 were, on average, 7 percent lower in single-parent households than in husband-wife households. But more single-parent than husband-wife families were in the bottom range of this income group. Average income for single-parent families in the lower income group was \$26,350, compared with \$38,000 for husband-wife families. Because single-parent families have one less potential earner, their total household income is lower and child-rearing expenses consume a greater percentage of income.

For single parents, the estimates only cover out-of-pocket child-rearing expenditures made by the parent who has primary care of the child. The estimates do not include child-related expenditures made by the parent without primary care or by others, such as grandparents. The parent with whom the child does not reside the majority of the time may incur transportation, food, and entertainment expenses during visitation days and maintain a larger living unit because the child stays with him or her on weekends. The noncustodial parent could also contribute to the child’s clothing and health care expenses. Although it would be ideal to include these expenditures, such expenditures could not be estimated from the CE data. Overall expenses paid by both parents on a child in a single-parent household, therefore, are likely to be greater than this study’s estimates.

**Figure 5. Family expenditures on a child, by single-parent and husband-wife households,<sup>1</sup> 2011**



<sup>1</sup>U.S. average for the younger child in two-child families with before-tax income below \$59,410.

## Adjustments for Older Children and Household Size

The estimates of expenses on children thus far represent expenditures on the younger children in a husband-wife and single-parent household with two children. Expenses on the older child may be different for the two family types. To determine the extent of this difference and how expenditures may be adjusted to estimate expenses on an older child, the USDA methodology to estimate expenditures on children was essentially repeated with the focus on an older child in each family type. Household income and region of residence (in the case of husband-wife households) were not controlled for, so findings apply to all families. The sample was smaller than that used for the principal analysis, since only households with all children age 17 or under were selected because the older child could not be over this age. The sample was weighted to reflect the U.S. population of interest.

It was found that tables 1-6 (pp. 26-31) reflect total expenditures on an older child in a husband-wife, two-child family, as well as on a younger child. Therefore, annual expenditures on children in a husband-wife, two-child family may be estimated by summing the total expenses for the specific age categories of the two children. For example, annual expenditures on a younger child age 11 and an older child age 16 in a husband-wife, two-child family in the middle-income group for the overall United States would be \$27,430 ( $=\$13,110 + \$14,320$ ) (table 8).

Unlike husband-wife families, single-parent households with two children spend about 3 percent less on the older child than on the younger child at a specific age category. This reduced spending was largely due to less being spent on transportation and miscellaneous goods and services for the older child. Older children in single-parent families may be able to take less expensive public transportation rather than be driven by the parent in a car and forgo some items that the younger child has received. Also, some of these expenses may be covered by others not residing in the home. Therefore, annual expenditures on children in a single-parent, two-child family may be estimated from table 7 (p. 32) by: (1) taking the age category of the older child and adjusting the total expenses downward by 3 percent, and then (2) summing the total expenses for the specific age categories of the two children. For example, annual expenditures on a younger child age 8 and an older child age 16 in a single-parent, two-child family in the lower income group for the overall United States would be \$17,350 ( $=\$8,450 + (\$9,180 \times .97)$ ) (table 8). It should be noted that for specific budgetary components, annual expenses on an older child in husband-wife and single-parent families varied, compared with those on a younger child in a two-child family.

The estimates should also be adjusted if a household has only one child or more than two children. Families will spend more or less on a child, depending on the number of other children in the household (income being spread over fewer or more children) and as a result of economies of scale. To derive these adjustments, the USDA methodology to estimate expenditures on children was replicated for both husband-wife and single-parent families with one child and three or more children. The maximum number of children was restricted to three or more because only a small percentage of families had four or more children.

**Table 8. Estimated annual expenditures on one, two, or three children by husband-wife and single-parent families, overall United States, 2011**

<b>Husband-wife family*</b>		<b>Annual expenditure</b>
<b>One-child household</b>		
Age of child		
2		$\$12,370 \times 1.25 = \$15,460$
5		$12,390 \times 1.25 = 15,490$
8		$12,290 \times 1.25 = 15,360$
11		$13,110 \times 1.25 = 16,390$
14		$13,820 \times 1.25 = 17,280$
17		$14,320 \times 1.25 = 17,900$
<b>Two-child household</b>		
Age of younger child	Age of older child	
2	16	$\$12,370 + \$14,320 = \$26,690$
5	16	$12,390 + 14,320 = 26,710$
8	16	$12,290 + 14,320 = 26,610$
11	16	$13,110 + 14,320 = 27,430$
14	16	$13,820 + 14,320 = 28,140$
15	16	$14,320 + 14,320 = 28,640$
<b>Three-child household</b>		
Age of youngest child	Age of older children	
2	13,16	$(\$12,370 + \$13,820 + \$14,320) \times .78 = \$31,600$
5	13,16	$(12,390 + 13,820 + 14,320) \times .78 = 31,610$
8	13,16	$(12,290 + 13,820 + 14,320) \times .78 = 31,540$
11	13,16	$(13,110 + 13,820 + 14,320) \times .78 = 32,180$
12	13,16	$(13,820 + 13,820 + 14,320) \times .78 = 32,730$
<b>Single-parent family**</b>		
<b>One-child household</b>		<b>Annual expenditure</b>
Age of child		
2		$\$7,760 \times 1.29 = \$10,010$
5		$8,610 \times 1.29 = 11,110$
8		$8,450 \times 1.29 = 10,900$
11		$9,030 \times 1.29 = 11,650$
14		$9,440 \times 1.29 = 12,180$
17		$9,180 \times 1.29 = 11,840$
<b>Two-child household</b>		
Age of younger child	Age of older child	
2	16	$\$7,760 + (\$9,180 \times .97) = \$16,660$
5	16	$8,610 + (9,180 \times .97) = 17,510$
8	16	$8,450 + (9,180 \times .97) = 17,350$
11	16	$9,030 + (9,180 \times .97) = 17,930$
14	16	$9,440 + (9,180 \times .97) = 18,340$
15	16	$9,180 + (9,180 \times .97) = 18,080$
<b>Three-child household</b>		
Age of youngest child	Age of older children	
2	13,16	$(\$7,760 + (\$9,440 \times .97) + (\$9,180 \times .97)) \times .77 = \$19,880$
5	13,16	$(8,610 + (9,440 \times .97) + (9,180 \times .97)) \times .77 = 20,540$
8	13,16	$(8,450 + (9,440 \times .97) + (9,180 \times .97)) \times .77 = 20,410$
11	13,16	$(9,030 + (9,440 \times .97) + (9,180 \times .97)) \times .77 = 20,860$
12	13,16	$(9,440 + (9,440 \times .97) + (9,180 \times .97)) \times .77 = 21,180$

\*Estimates are for husband-wife families with 2011 before-tax income between \$59,410 and \$102,870.

\*\*Estimates are for single-parent families with 2011 before-tax income less than \$59,410.



Household income and region of residence (in the case of husband-wife households) were not controlled for, so findings apply to all families. For families with three or more children, the possibility of children sharing a bedroom was factored in by examining the number of bedrooms and number of children in the household.

Compared with expenditures for each child in a husband-wife, two-child family, husband-wife households with one child spend an average of 25 percent more on the single child, and those with three or more children spend an average of 22 percent less on each child. For single-parent families, those with one child spend an average of 29 percent more on the single child than on a child in a two-child family, and those with three or more children spend an average of 23 percent less on each child. As families have more children, the children can share a bedroom, clothing and toys can be handed down to younger children, food can be purchased in larger and more economical packages, and private schools or child care centers may offer sibling discounts.

Therefore, to estimate annual overall expenditures on an only child by using data in tables 1-7, 25 percent should be added to the total expense for each age category for husband-wife families and 29 percent should be added to the total expense for each age category for single-parent families. To estimate expenses on three or more children in husband-wife families, 22 percent should be subtracted from the total expense for each child's age category and these totals should be summed. For single-parent families with three or more children, 23 percent should be subtracted from the total expense for each child's age category (after adjusting the expenses on the older children downward), and these totals should be summed. These percentages may be more or less for a particular budgetary component for both family types. As family size increases, costs per child for food decrease less than for housing and transportation. Much housing space is used in common, and car trips can serve more than one child.

As an example of adjustments needed for different numbers of children, consider total expenses on children in husband-wife families with one, two, and three children (presented in table 8 for a household with before-tax income between \$59,410 and \$102,870). In the example, the age of the older child is 16 in the two-child household and the ages of the older children are 13 and 16 in the three-child household. As can be seen, less is spent per child as family size increases. The estimated annual expense on a child age 2 with no siblings is \$15,460; for two children ages 2 and 16, \$26,690; and for three children ages 2, 13, and 16, \$31,600. Table 8 also shows the expenditure adjustments needed for children in single-parent families with one, two, and three children and with a before-tax income below \$59,410. The major difference in the mechanics of the adjustment for single-parent, compared with husband-wife households, is that the expenses on older children need to be adjusted downward by 3 percent.

## Alternative Estimates of Expenditures on Children

The USDA methodology to estimate child-rearing expenses is based on several steps:

(1) assigning child-specific expenses (clothing, child care, and education) in the CE data to children, (2) allocating household-level expenses based on findings from authoritative research (food and health care) or on a per capita basis (transportation and miscellaneous items), and (3) calculating housing expenses by using an approach that accounts for the average cost of an additional bedroom. An alternative method to estimate expenditures on children is a marginal cost method. The marginal cost method measures expenditures on children as the difference in expenses between families with children and equivalent families without children. While there is no generally accepted equivalency measure in the economics literature, two of the most commonly used are the Engel and Rothbarth approaches. The Engel approach assumes that if two families spend an equal percentage of their total expenditures on food, they are equally well-off. The Rothbarth approach assumes that if two families spend an equal amount on luxuries (e.g., alcohol, tobacco, entertainment, and sweets) and have the same level of savings, they are equally well-off. (See U.S. Department of Health and Human Services, 1990, for more detailed information on these two approaches.)

One limitation of the Engel and Rothbarth estimators is that they are not true marginal cost approaches. A true marginal cost approach examines additional expenditures a family makes because of the presence of a child in the household—how much more the family spends on housing, food, and other items because of the child. A true marginal cost approach would track the same sample of families over time. Marginal cost approaches, as implemented, do not do this. They examine two different sets of families, those with children and those without children, at one point in time. Hence, the term “marginal cost approach” is somewhat of a misnomer.

Another limitation with the marginal cost approach is that it does not consider substitution effects. It assumes parents do not alter their expenditures on themselves after a child is added to a household. This could lead to problems when applying the marginal cost method to individual budgetary components. For example, many families may reduce the number of high-cost vacations they take once they have children. However, with the marginal cost method, transportation expenses of these families without children would be compared with expenses of families with children, likely leading to underestimates of transportation expenses on a child.

These problems with the marginal cost method are likely more severe if used to calculate miscellaneous expenses on a child. Published data show entertainment expenses, one of the major components of the miscellaneous category, were greater for husband-wife couples without children than for husband-wife families with young children (U.S. Department of Labor, 2008). Using the marginal cost method in this case could lead to the questionable result of having negative entertainment expenditures on a child. The household entertainment expenses of husband-wife couples without children were about the same as those of husband-wife families with an oldest child over age 18 living in the household, suggesting a miniscule expenditure on a child (U.S. Department of Labor, 2008).

Since 2000, several studies have estimated child-rearing expenses by using both the Engel and Rothbarth estimators and applying them to Consumer Expenditure Survey data. Table 9 shows the child-rearing expense estimates produced by these studies for husband-wife families by number of children and as a percentage of total family expenditures; these studies estimated child-rearing expenses as a percentage of total expenditures and did not examine expenses by budgetary component. It should be noted that the Rothbarth method was usually implemented by using only adult clothing as the equivalency method so is not a full implementation of the Rothbarth approach. Hence, how results would differ if a more complete Rothbarth approach were implemented is unknown. An earlier study found the results of the Rothbarth approach to vary considerably depending on the budgetary items included in the equivalency scale definition and concluded this revealed a significant weakness in the practical application of the approach (Lancaster and Ray, 1998).

**Table 9. Average percent of household expenditures attributable to children in husband-wife families, by estimator and number of children**

Number of children	One	Two	Three
	<i>Percent</i>		
<b>Estimator</b>			
Engel (2001) <sup>1</sup>	30	44	52
Rothbarth (2001) <sup>1</sup>	26	36	42
Rothbarth (2006) <sup>2</sup>	25	37	44
Engel (2008) <sup>3</sup>	21	31	38
Rothbarth (2008) <sup>3</sup>	32	47	57
Rothbarth (2011) <sup>4</sup>	24	37	45
Average of above	26	39	46
USDA (2012)	27	41	47

<sup>1</sup>From Judicial Council of California (2001).

<sup>2</sup>From Policy Studies Inc. (2006).

<sup>3</sup>From McCaleb, Macpherson, and Norrbin (2008).

<sup>4</sup>From Judicial Council of California (2011).

What is striking is the range in estimates resulting from the various studies. For one child, the estimates ranged between 21 to 32 percent of household expenditures being spent on the child; for two children, 31 to 47 percent; and for three children, 38 to 57 percent (almost a 20-percentage-point difference). When using the marginal cost method in estimating expenditures on children, a researcher's choice of an equivalency scale is crucial because different measures yield different results. Even using the same equivalency measure can result in different estimates, depending on the years of data used and model specification. For example, the 2011 study based on the Rothbarth estimator found that for two-child families, 37 percent of total family expenditures went to goods and services for children (Judicial Council of California, 2011), while the 2008 study using the Rothbarth estimator found that 47 percent of expenditures went to goods and services for two children (McCaleb et al., 2008). The 2008 study found the Rothbarth estimator to be the most sensitive to underlying data and sample restrictions. Also, the 2011 study calls into question the validity of the Engel approach.

So, how do the USDA child-rearing expense estimates compare with the results of these studies? Table 9 presents the USDA (2012) estimates. Because the studies implementing the Engel and Rothbarth techniques usually did not include personal insurance and pension contributions in total household expenditures, when calculating the USDA child-rearing expenses as a percentage of total household expenditures, these two budgetary components were not included. Also, the marginal cost methods include families with child care/education expenses and families without child care/education expenses and many do not include mortgage principal payments, so the USDA estimates in table 9 are based on average child care/education expenses for all husband-wife families, including those without the expense, and do not include mortgage principal, which constitutes about 15 percent of overall housing expenses. This differs from the USDA child-rearing expenditure estimates in tables 1-7, where mortgage principal payments are included in housing expenses and where child care/education expenses are only for families incurring the expense. If mortgage principal was included, the USDA estimates on table 9 would be 2 percentage points higher for one-child and two-children families (29 and 43 percent) and 3 percentage points higher for three-children families (50 percent).

For husband-wife families with one child, USDA estimates 27 percent of total family expenditures are spent on the child; for two children, 41 percent; and for three children, 47 percent. These percentages are very near the averages of the various studies using the Engel and Rothbarth approaches. One factor the various approaches have in common is that expenditures on children do not increase proportionately as the number of children increases; expenditures on two children are less than twice as much as those on one child.

## Estimating Future Costs

The estimates presented so far represent household expenditures on a child of a certain age in 2011. What would be the total expenses on a child born in 2011 through age 17, factoring in inflation? To estimate these expenses over time, future price changes need to be incorporated. To do this, a future cost formula is used:

$$C_f = C_p (1 + i)^n$$

Where:

$C_f$  = projected future annual dollar expenditure on a child of a particular age

$C_p$  = present (2011) annual dollar expenditure on a child of a particular age

$i$  = projected annual inflation (or deflation) rate

$n$  = number of years from present until child will reach a particular age

An example of estimated future expenditures on the younger child in a husband-wife family with two children is presented in table 10. The example assumes a child is born in 2011 and reaches age 17 in the year 2028, and the average annual inflation rate over this time is 2.55 percent (the average annual inflation rate over the past 20 years) (U.S. Department of Labor, 2012). As can be seen, total family expenses on a child through age 17 would be \$212,370 for

households in the lowest income group, \$295,560 for those in the middle, and \$490,830 for those in the highest income group. In 2011 dollar values, these figures would be \$169,080, \$234,900, and \$389,670, respectively.

Inflation rates other than 2.55 percent could be used in the formula if inflation projections change. Also, it is somewhat unrealistic to assume that households remain in one income category as a child grows older. For most families, income rises over time, so a family may move from one income group to another. In addition, such inflation projections assume child-rearing expenditures change only with inflation. Parental expenditure patterns also change over time.

**Table 10. Estimated annual expenditures\* on a child born in 2011, by income group, overall United States**

Year	Age	Income group		
		Lowest	Middle	Highest
2011	<1	\$9,050	\$12,370	\$20,460
2012	1	9,280	12,690	20,980
2013	2	9,520	13,010	21,520
2014	3	9,810	13,360	22,090
2015	4	10,060	13,700	22,650
2016	5	10,320	14,050	23,230
2017	6	10,190	14,290	23,750
2018	7	10,450	14,660	24,360
2019	8	10,710	15,030	24,980
2020	9	11,940	16,440	26,740
2021	10	12,250	16,860	27,420
2022	11	12,560	17,290	28,120
2023	12	13,470	18,700	30,710
2024	13	13,820	19,170	31,490
2025	14	14,170	19,660	32,290
2026	15	14,550	20,890	35,760
2027	16	14,920	21,420	36,670
2028	17	15,300	21,970	37,610
<b>Total</b>		<b>\$212,370</b>	<b>\$295,560</b>	<b>\$490,830</b>

\*Estimates are for the younger child in husband-wife families with two children and assume an average annual inflation rate of 2.55 percent.

## Expenditures Not Included

Expenditures estimated in this study consisted of direct parental expenses made on children through age 17 for seven major budgetary components. These expenditures exclude costs related to prenatal health care. The expenditures also exclude costs made on children after age 17. One of the largest of these excluded expenses is the cost of a college education. The College Board (2012) estimated that in 2011-2012, annual average (enrollment-weighted) tuition and fees were \$8,244 at 4-year public colleges (in-State tuition) and \$28,500 at 4-year private (non-profit) colleges; annual room and board was \$8,887 at 4-year public colleges and \$10,089 at 4-year private colleges. For 2-year colleges in 2011-2012, annual average tuition and fees were \$2,963 at public colleges. These college costs may be offset by financial aid. College-related expenses on children may even take place before children are college age in the form of savings. Other parental expenses on children after age 17 could include those associated with children living at home or if children do not live at home, gifts and other contributions to them. Expenses related to life insurance on parents are not included in the estimates. Although these expenses are not made directly on children, it is likely that they are primarily incurred for the benefit of children.

The estimates do not include all government expenditures on children. Examples of excluded expenses would be public education, Medicaid, and subsidized school meals. The actual expenditures on children (by parents and the government), therefore, would be higher than reported in this study, especially for children in the lowest income group. Expenditures on children made by people not in the household, such as grandparents and other relatives, were also not factored in the estimates. Indirect costs involved in child rearing were not included in the estimates. Although these costs are typically more difficult to measure than direct expenditures, they may be substantial. The time involved in rearing children is considerable and has a cost attached to it. A recent study found that the imputed value of parental time spent on children exceeded the direct cash expenditures on them (Folbre, 2008). In addition, to care for children, current earnings and future career opportunities may be diminished because of job choice or reduced time in the labor force for one or both parents. These situations also have a cost attached to them.

The direct and indirect costs of raising children are considerable, absorbing a major share of the household budget. On the other hand, these costs may be outweighed by the benefits of children.

## Expenditures on Children: 1960 versus 2011

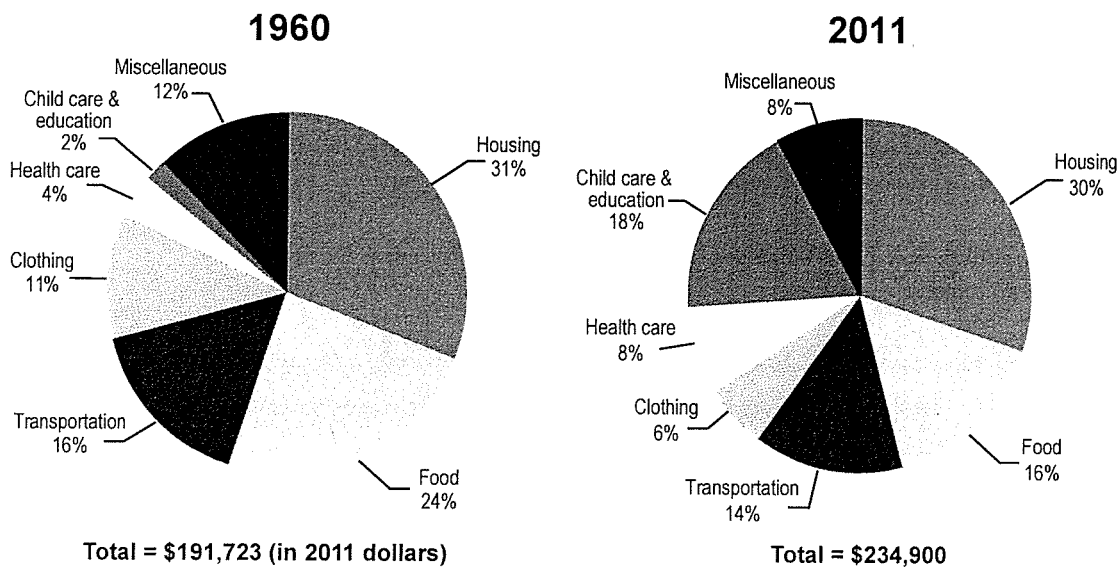
The U.S. Department of Agriculture first provided estimates of child-rearing expenditures in 1960. The current estimates are not precisely comparable to previous estimates because of methodology changes; for example, housing expenses are now determined by using the average cost of an additional bedroom as opposed to a per capita approach, and food expenses are now based on what households spend as opposed to a suggested standard. Although these types of methodological changes exist, a general comparison is possible.

In 1960, average expenditures on a child in a middle-income, husband-wife family amounted to \$25,229, or \$191,723 in 2011 dollars (figure). By 2011, these estimated expenditures climbed 23 percent in real terms to \$234,900 (assuming a family had child care and education expenses on a child). Housing was the largest expense on a child in both time periods and increased in real terms over this time. Food was also one of the largest expenses in both time periods, but decreased in real terms. Changes in agriculture over the past 50 years have resulted in family food budgets being a lower percentage of household income. Transportation expenses on a child increased slightly in real terms from 1960 to 2011.

Clothing and miscellaneous expenses on a child decreased as a percentage of total child-rearing expenses and in real terms from 1960 to 2011. Reduced real expenses on children's clothing is somewhat of a surprise given the popularity of many designer clothing items today; however, it is likely that technological changes and globalization have made clothing less expensive in real terms. The growth in real terms of housing and other expenses on a child may be the cause of the decline in miscellaneous expenses on a child, which are often seen as discretionary.

Health care expenses on a child doubled as a percentage of total child-rearing costs, as well as increasing in real terms, from 1960 to 2011. The dramatic rise in health care costs over time has received widespread attention. Perhaps the most striking change in child-rearing expenses over time relates to child care and education expenses. It should be noted that in 1960, child care/education expenses included families with and without the expense. Even so, these expenses grew from 2 percent of total child-rearing expenditures in 1960 (for families with and without the expense) to 18 percent (for families with the expense) in 2011. Much of this growth is likely related to child care. In 1960, child care costs were negligible, mainly consisting of in-the-home babysitting. Since then, the labor force participation of women has greatly increased, leading to the need for more child care. Child-rearing expense estimates were not provided for single-parent families in 1960, likely because of the small percentage of children residing in such households at the time.

**Figure. Expenditures on a child from birth through age 17, total expenses and budgetary component shares, 1960 versus 2011<sup>1</sup>**



<sup>1</sup>U.S. average for a child in middle-income, husband-wife families.

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**Table 1. Estimated annual expenditures on a child by husband-wife families, overall United States, 2011**

Age of child	Total expense	Housing	Food	Transportation	Clothing	Health care	Child care and education <sup>a</sup>	Miscellaneous <sup>b</sup>
<b>Before tax income: Less than \$59,410 (Average = \$38,000)</b>								
0 - 2	\$9,050	\$2,990	\$1,160	\$1,170	\$640	\$630	\$2,040	\$420
3 - 5	9,100	2,990	1,260	1,230	500	590	1,910	620
6 - 8	8,760	2,990	1,710	1,350	570	660	850	630
9 - 11	9,520	2,990	1,970	1,350	580	710	1,290	630
12 - 14	9,960	2,990	2,130	1,480	690	1,090	880	700
15 - 17	9,970	2,990	2,120	1,630	730	1,010	910	580
<b>Total</b>	<b>\$169,080</b>	<b>\$53,820</b>	<b>\$31,050</b>	<b>\$24,630</b>	<b>\$11,130</b>	<b>\$14,070</b>	<b>\$23,640</b>	<b>\$10,740</b>
<b>Before-tax income: \$59,410 to \$102,870 (Average = \$79,940)</b>								
0 - 2	\$12,370	\$3,920	\$1,400	\$1,690	\$760	\$850	\$2,860	\$890
3 - 5	12,390	3,920	1,490	1,740	610	800	2,740	1,090
6 - 8	12,290	3,920	2,100	1,860	680	940	1,680	1,110
9 - 11	13,110	3,920	2,400	1,870	710	1,000	2,110	1,100
12 - 14	13,820	3,920	2,580	1,990	840	1,410	1,910	1,170
15 - 17	14,320	3,920	2,570	2,150	900	1,330	2,400	1,050
<b>Total</b>	<b>\$234,900</b>	<b>\$70,560</b>	<b>\$37,620</b>	<b>\$33,900</b>	<b>\$13,500</b>	<b>\$18,990</b>	<b>\$41,100</b>	<b>\$19,230</b>
<b>Before-tax income: More than \$102,870 (Average = \$180,040)</b>								
0 - 2	\$20,460	\$7,100	\$1,900	\$2,550	\$1,050	\$980	\$5,090	\$1,790
3 - 5	20,480	7,100	2,000	2,610	880	930	4,970	1,990
6 - 8	20,420	7,100	2,630	2,730	970	1,080	3,910	2,000
9 - 11	21,320	7,100	2,980	2,730	1,010	1,150	4,350	2,000
12 - 14	22,700	7,100	3,190	2,860	1,170	1,610	4,700	2,070
15 - 17	24,510	7,100	3,180	3,020	1,280	1,520	6,460	1,950
<b>Total</b>	<b>\$389,670</b>	<b>\$127,800</b>	<b>\$47,640</b>	<b>\$49,500</b>	<b>\$19,080</b>	<b>\$21,810</b>	<b>\$88,440</b>	<b>\$35,400</b>

Estimates are based on 2005-06 Consumer Expenditure Survey data updated to 2011 dollars by using the Consumer Price Index. For each age category, the expense estimates represent average child-rearing expenditures for each age (e.g., the expense for the 3-5 age category, on average, applies to the 3-year-old, the 4-year-old, or the 5-year-old). The Total (0 - 17) row represents the expenditure sum of all ages (0, 1, 2, 3, ...17) in 2011 dollars. The figures represent estimated expenses on the younger child in a two-child family. Estimates are about the same for the older child, so to calculate expenses for two children, figures should be summed for the appropriate age categories. To estimate expenses for an only child, multiply the total expense for the appropriate age category by 1.25. To estimate expenses for each child in a family with three or more children, multiply the total expense for each appropriate age category by 0.78. For expenses on all children in a family, these totals should be summed.

<sup>a</sup> Includes only families with child care and education expenses.

<sup>b</sup> Includes personal care items, entertainment, and reading materials.

**Table 2. Estimated annual expenditures on a child by husband-wife families, urban Northeast, 2011**

Age of child	Total expense	Housing	Food	Transportation	Clothing	Health care	Child care and education <sup>a</sup>	Miscellaneous <sup>b</sup>
<b>Before-tax income: Less than \$59,690 (Average = \$38,180)</b>								
0 - 2	\$10,740	\$3,570	\$1,230	\$1,110	\$720	\$560	\$3,120	\$430
3 - 5	10,760	3,570	1,340	1,160	570	530	2,950	640
6 - 8	10,460	3,570	1,810	1,290	640	590	1,900	660
9 - 11	11,210	3,570	2,080	1,290	660	640	2,320	650
12 - 14	11,930	3,570	2,250	1,420	790	970	2,210	720
15 - 17	12,650	3,570	2,250	1,570	850	900	2,910	600
<b>Total</b>	<b>\$203,250</b>	<b>\$64,260</b>	<b>\$32,880</b>	<b>\$23,520</b>	<b>\$12,690</b>	<b>\$12,570</b>	<b>\$46,230</b>	<b>\$11,100</b>
<b>Before-tax income: \$59,690 to \$103,350 (Average = \$80,310)</b>								
0 - 2	\$14,150	\$4,680	\$1,470	\$1,630	\$850	\$770	\$3,850	\$900
3 - 5	14,110	4,680	1,560	1,690	680	720	3,680	1,100
6 - 8	14,050	4,680	2,190	1,820	770	850	2,620	1,120
9 - 11	14,880	4,680	2,510	1,820	800	910	3,040	1,120
12 - 14	15,850	4,680	2,690	1,940	960	1,280	3,110	1,190
15 - 17	17,010	4,680	2,690	2,100	1,040	1,200	4,230	1,070
<b>Total</b>	<b>\$270,150</b>	<b>\$84,240</b>	<b>\$39,330</b>	<b>\$33,000</b>	<b>\$15,300</b>	<b>\$17,190</b>	<b>\$61,590</b>	<b>\$19,500</b>
<b>Before-tax income: More than \$103,350 (Average = \$180,870)</b>								
0 - 2	\$22,800	\$8,480	\$1,960	\$2,500	\$1,150	\$890	\$6,030	\$1,790
3 - 5	22,780	8,480	2,060	2,560	970	850	5,860	2,000
6 - 8	22,760	8,480	2,710	2,690	1,060	990	4,810	2,020
9 - 11	23,650	8,480	3,080	2,690	1,110	1,050	5,230	2,010
12 - 14	25,300	8,480	3,290	2,810	1,310	1,480	5,850	2,080
15 - 17	27,720	8,480	3,280	2,970	1,440	1,390	8,200	1,960
<b>Total</b>	<b>\$435,030</b>	<b>\$152,640</b>	<b>\$49,140</b>	<b>\$48,660</b>	<b>\$21,120</b>	<b>\$19,950</b>	<b>\$107,940</b>	<b>\$35,580</b>

Estimates are based on 2005-06 Consumer Expenditure Survey data updated to 2011 dollars by using the regional Consumer Price Index. For each age category, the expense estimates represent average child-rearing expenditures for each age (e.g., the expense for the 3-5 age category, on average, applies to the 3-year-old, the 4-year-old, or the 5-year-old). The Total (0 - 17) row represents the expenditure sum of all ages (0, 1, 2, 3, ...17) in 2011 dollars. The figures represent estimated expenses on the younger child in a two-child family. Estimates are about the same for the older child, so to calculate expenses for two children, figures should be summed for the appropriate age categories. To estimate expenses for an only child, multiply the total expense for the appropriate age category by 1.25. To estimate expenses for each child in a family with three or more children, multiply the total expense for each appropriate age category by 0.78. For expenses on all children in a family, these totals should be summed.

The Northeastern region consists of Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

<sup>a</sup> Includes only families with child care and education expenses.

<sup>b</sup> Includes personal care items, entertainment, and reading materials.

**Table 3. Estimated annual expenditures on a child by husband-wife families, urban West, 2011**

Age of child	Total expense	Housing	Food	Transportation	Clothing	Health care	Child care and education <sup>a</sup>	Miscellaneous <sup>b</sup>
<b>Before-tax income: Less than \$58,890 (Average = \$37,670)</b>								
0 - 2	\$9,870	\$3,560	\$1,210	\$1,260	\$680	\$580	\$2,030	\$550
3 - 5	9,880	3,560	1,310	1,320	540	540	1,860	750
6 - 8	9,560	3,560	1,770	1,440	610	610	800	770
9 - 11	10,320	3,560	2,040	1,450	620	660	1,220	770
12 - 14	10,760	3,560	2,210	1,570	740	1,000	840	840
15 - 17	10,840	3,560	2,200	1,720	790	930	920	720
<b>Total</b>	<b>\$183,690</b>	<b>\$64,080</b>	<b>\$32,220</b>	<b>\$26,280</b>	<b>\$11,940</b>	<b>\$12,960</b>	<b>\$23,010</b>	<b>\$13,200</b>
<b>Before-tax income: \$58,890 to \$101,960 (Average = \$79,240)</b>								
0 - 2	\$13,250	\$4,670	\$1,440	\$1,780	\$800	\$790	\$2,750	\$1,020
3 - 5	13,240	4,670	1,530	1,840	650	750	2,580	1,220
6 - 8	13,130	4,670	2,150	1,960	720	870	1,520	1,240
9 - 11	13,970	4,670	2,460	1,970	750	940	1,950	1,230
12 - 14	14,650	4,670	2,640	2,090	890	1,320	1,740	1,300
15 - 17	15,160	4,670	2,630	2,240	970	1,240	2,230	1,180
<b>Total</b>	<b>\$250,200</b>	<b>\$84,060</b>	<b>\$38,550</b>	<b>\$35,640</b>	<b>\$14,340</b>	<b>\$17,730</b>	<b>\$38,310</b>	<b>\$21,570</b>
<b>Before-tax income: More than \$101,960 (Average = \$178,450)</b>								
0 - 2	\$21,880	\$8,450	\$1,930	\$2,640	\$1,100	\$920	\$4,940	\$1,900
3 - 5	21,830	8,450	2,020	2,700	920	870	4,770	2,100
6 - 8	21,800	8,450	2,660	2,830	1,010	1,020	3,710	2,120
9 - 11	22,680	8,450	3,020	2,830	1,050	1,080	4,130	2,120
12 - 14	24,060	8,450	3,230	2,950	1,240	1,520	4,480	2,190
15 - 17	25,830	8,450	3,220	3,100	1,350	1,430	6,210	2,070
<b>Total</b>	<b>\$414,240</b>	<b>\$152,100</b>	<b>\$48,240</b>	<b>\$51,150</b>	<b>\$20,010</b>	<b>\$20,520</b>	<b>\$84,720</b>	<b>\$37,500</b>

Estimates are based on 2005-06 Consumer Expenditure Survey data updated to 2011 dollars by using the regional Consumer Price Index. For each age category, the expense estimates represent average child-rearing expenditures for each age (e.g., the expense for the 3-5 age category, on average, applies to the 3-year-old, the 4-year-old, or the 5-year-old). The Total (0 - 17) row represents the expenditure sum of all ages (0, 1, 2, 3, ...17) in 2011 dollars. The figures represent estimated expenses on the younger child in a two-child family. Estimates are about the same for the older child, so to calculate expenses for two children, figures should be summed for the appropriate age categories. To estimate expenses for an only child, multiply the total expense for the appropriate age category by 1.25. To estimate expenses for each child in a family with three or more children, multiply the total expense for each appropriate age category by 0.78. For expenses on all children in a family, these totals should be summed.

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

<sup>a</sup> Includes only families with child care and education expenses.

<sup>b</sup> Includes personal care items, entertainment, and reading materials.

**Table 4. Estimated annual expenditures on a child by husband-wife families, urban Midwest, 2011**

Age of child	Total expense	Housing	Food	Transportation	Clothing	Health care	Child care and education <sup>a</sup>	Miscellaneous <sup>b</sup>
<b>Before-tax income: Less than \$59,250 (Average = \$37,900)</b>								
0 - 2	\$8,950	\$2,880	\$1,100	\$1,100	\$620	\$600	\$2,170	\$480
3 - 5	8,960	2,880	1,200	1,160	480	560	2,000	680
6 - 8	8,620	2,880	1,640	1,280	550	630	940	700
9 - 11	9,370	2,880	1,900	1,290	570	680	1,360	690
12 - 14	9,840	2,880	2,060	1,410	680	1,030	1,020	760
15 - 17	10,020	2,880	2,060	1,570	720	960	1,180	650
<b>Total</b>	<b>\$167,280</b>	<b>\$51,840</b>	<b>\$29,880</b>	<b>\$23,430</b>	<b>\$10,860</b>	<b>\$13,380</b>	<b>\$26,010</b>	<b>\$11,880</b>
<b>Before-tax income: \$59,250 to \$102,590 (Average = \$79,720)</b>								
0 - 2	\$12,140	\$3,780	\$1,340	\$1,630	\$750	\$810	\$2,890	\$940
3 - 5	12,110	3,780	1,430	1,680	590	760	2,720	1,150
6 - 8	12,010	3,780	2,030	1,810	670	890	1,660	1,170
9 - 11	12,820	3,780	2,320	1,820	690	960	2,090	1,160
12 - 14	13,540	3,780	2,500	1,940	830	1,340	1,920	1,230
15 - 17	14,140	3,780	2,500	2,100	900	1,260	2,490	1,110
<b>Total</b>	<b>\$230,280</b>	<b>\$68,040</b>	<b>\$36,360</b>	<b>\$32,940</b>	<b>\$13,290</b>	<b>\$18,060</b>	<b>\$41,310</b>	<b>\$20,280</b>
<b>Before-tax income: More than \$102,590 (Average = \$179,540)</b>								
0 - 2	\$20,070	\$6,850	\$1,830	\$2,500	\$1,030	\$940	\$5,080	\$1,840
3 - 5	20,040	6,850	1,930	2,560	860	890	4,910	2,040
6 - 8	19,970	6,850	2,550	2,690	940	1,030	3,850	2,060
9 - 11	20,840	6,850	2,900	2,690	980	1,100	4,270	2,050
12 - 14	22,260	6,850	3,110	2,810	1,160	1,550	4,650	2,130
15 - 17	24,130	6,850	3,100	2,970	1,270	1,460	6,470	2,010
<b>Total</b>	<b>\$381,930</b>	<b>\$123,300</b>	<b>\$46,260</b>	<b>\$48,660</b>	<b>\$18,720</b>	<b>\$20,910</b>	<b>\$87,690</b>	<b>\$36,390</b>

Estimates are based on 2005-06 Consumer Expenditure Survey data updated to 2011 dollars by using the regional Consumer Price Index. For each age category, the expense estimates represent average child-rearing expenditures for each age (e.g., the expense for the 3-5 age category, on average, applies to the 3-year-old, the 4-year-old, or the 5-year-old). The Total (0 - 17) row represents the expenditure sum of all ages (0, 1, 2, 3, ...17) in 2011 dollars. The figures represent estimated expenses on the younger child in a two-child family. Estimates are about the same for the older child, so to calculate expenses for two children, figures should be summed for the appropriate age categories. To estimate expenses for an only child, multiply the total expense for the appropriate age category by 1.25. To estimate expenses for each child in a family with three or more children, multiply the total expense for each appropriate age category by 0.78. For expenses on all children in a family, these totals should be summed.

The Midwestern region consists of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

<sup>a</sup> Includes only families with child care and education expenses.

<sup>b</sup> Includes personal care items, entertainment, and reading materials.

**Table 5. Estimated annual expenditures on a child by husband-wife families, urban South, 2011**

Age of child	Total expense	Housing	Food	Transportation	Clothing	Health care	Child care and education <sup>a</sup>	Miscellaneous <sup>b</sup>
<b>Before-tax income: Less than \$59,790 (Average = \$38,240)</b>								
0 - 2	\$8,470	\$2,700	\$1,160	\$1,120	\$620	\$590	\$1,980	\$300
3 - 5	8,490	2,700	1,260	1,180	490	550	1,810	500
6 - 8	8,170	2,700	1,720	1,310	550	620	750	520
9 - 11	8,930	2,700	1,980	1,310	570	670	1,180	520
12 - 14	9,350	2,700	2,150	1,440	680	1,010	780	590
15 - 17	9,390	2,700	2,140	1,590	720	940	830	470
<b>Total</b>	<b>\$158,400</b>	<b>\$48,600</b>	<b>\$31,230</b>	<b>\$23,850</b>	<b>\$10,890</b>	<b>\$13,140</b>	<b>\$21,990</b>	<b>\$8,700</b>
<b>Before-tax income: \$59,790 to \$103,530 (Average = \$80,450)</b>								
0 - 2	\$11,620	\$3,550	\$1,400	\$1,660	\$740	\$800	\$2,700	\$770
3 - 5	11,590	3,550	1,490	1,710	590	750	2,530	970
6 - 8	11,520	3,550	2,110	1,840	670	880	1,480	990
9 - 11	12,320	3,550	2,410	1,850	690	940	1,900	980
12 - 14	13,010	3,550	2,590	1,970	830	1,330	1,680	1,060
15 - 17	13,510	3,550	2,590	2,130	900	1,250	2,150	940
<b>Total</b>	<b>\$220,710</b>	<b>\$63,900</b>	<b>\$37,770</b>	<b>\$33,480</b>	<b>\$13,260</b>	<b>\$17,850</b>	<b>\$37,320</b>	<b>\$17,130</b>
<b>Before-tax income: More than \$103,530 (Average = \$181,180)</b>								
0 - 2	\$19,350	\$6,420	\$1,900	\$2,530	\$1,020	\$930	\$4,890	\$1,660
3 - 5	19,310	6,420	1,990	2,590	850	880	4,720	1,860
6 - 8	19,270	6,420	2,630	2,720	940	1,020	3,660	1,880
9 - 11	20,140	6,420	2,980	2,720	970	1,090	4,090	1,870
12 - 14	21,500	6,420	3,190	2,850	1,150	1,530	4,420	1,940
15 - 17	23,250	6,420	3,190	3,000	1,260	1,440	6,120	1,820
<b>Total</b>	<b>\$368,460</b>	<b>\$115,560</b>	<b>\$47,640</b>	<b>\$49,230</b>	<b>\$18,570</b>	<b>\$20,670</b>	<b>\$83,700</b>	<b>\$33,090</b>

Estimates are based on 2005-06 Consumer Expenditure Survey data updated to 2011 dollars by using the regional Consumer Price Index. For each age category, the expense estimates represent average child-rearing expenditures for each age (e.g., the expense for the 3-5 age category, on average, applies to the 3-year-old, the 4-year-old, or the 5-year-old). The Total (0 - 17) row represents the expenditure sum of all ages (0, 1, 2, 3, ...17) in 2011 dollars. The figures represent estimated expenses on the younger child in a two-child family. Estimates are about the same for the older child, so to calculate expenses for two children, figures should be summed for the appropriate age categories. To estimate expenses for an only child, multiply the total expense for the appropriate age category by 1.25. To estimate expenses for each child in a family with three or more children, multiply the total expense for each appropriate age category by 0.78. For expenses on all children in a family, these totals should be summed.

The Southern region consists of Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

<sup>a</sup> Includes only families with child care and education expenses.

<sup>b</sup> Includes personal care items, entertainment, and reading materials.

**Table 6. Estimated annual expenditures on a child by husband-wife families, rural areas, 2011**

Age of child	Total expense	Housing	Food	Transportation	Clothing	Health care	Child care and education <sup>a</sup>	Miscellaneous <sup>b</sup>
<b>Before-tax income: Less than \$60,020 (Average = \$38,390)</b>								
0 - 2	\$7,590	\$1,840	\$1,020	\$1,270	\$620	\$620	\$1,840	\$380
3 - 5	7,190	1,840	1,120	1,330	490	590	1,230	590
6 - 8	7,320	1,840	1,540	1,460	550	650	670	610
9 - 11	7,600	1,840	1,800	1,460	560	700	640	600
12 - 14	8,210	1,840	1,950	1,590	670	1,070	420	670
15 - 17	8,400	1,840	1,950	1,740	700	1,000	620	550
<b>Total</b>	<b>\$138,930</b>	<b>\$33,120</b>	<b>\$28,140</b>	<b>\$26,550</b>	<b>\$10,770</b>	<b>\$13,890</b>	<b>\$16,260</b>	<b>\$10,200</b>
<b>Before-tax income: \$60,020 to \$103,920 (Average = \$80,760)</b>								
0 - 2	\$9,910	\$2,410	\$1,260	\$1,800	\$730	\$840	\$2,020	\$850
3 - 5	9,490	2,410	1,360	1,860	590	800	1,410	1,060
6 - 8	9,850	2,410	1,930	1,990	660	930	850	1,080
9 - 11	10,190	2,410	2,220	1,990	680	990	830	1,070
12 - 14	10,920	2,410	2,400	2,120	810	1,390	650	1,140
15 - 17	11,210	2,410	2,390	2,270	870	1,310	940	1,020
<b>Total</b>	<b>\$184,710</b>	<b>\$43,380</b>	<b>\$34,680</b>	<b>\$36,090</b>	<b>\$13,020</b>	<b>\$18,780</b>	<b>\$20,100</b>	<b>\$18,660</b>
<b>Before-tax income: More than \$103,920 (Average = \$181,870)</b>								
0 - 2	\$15,680	\$4,370	\$1,760	\$2,680	\$1,010	\$970	\$3,140	\$1,750
3 - 5	15,220	4,370	1,860	2,740	850	930	2,520	1,950
6 - 8	15,650	4,370	2,470	2,870	930	1,070	1,970	1,970
9 - 11	16,060	4,370	2,810	2,870	960	1,140	1,940	1,970
12 - 14	17,200	4,370	3,010	3,000	1,130	1,600	2,050	2,040
15 - 17	18,160	4,370	3,000	3,150	1,230	1,510	2,980	1,920
<b>Total</b>	<b>\$293,910</b>	<b>\$78,660</b>	<b>\$44,730</b>	<b>\$51,930</b>	<b>\$18,330</b>	<b>\$21,660</b>	<b>\$43,800</b>	<b>\$34,800</b>

Estimates are based on 2005-06 Consumer Expenditure Survey data updated to 2011 dollars by using the population size Consumer Price Index. For each age category, the expense estimates represent average child-rearing expenditures for each age (e.g., the expense for the 3-5 age category, on average, applies to the 3-year-old, the 4-year-old, or the 5-year-old). The Total (0 - 17) row represents the expenditure sum of all ages (0, 1, 2, 3, ...17) in 2011 dollars. The figures represent estimated expenses on the younger child in a two-child family. Estimates are about the same for the older child, so to calculate expenses for two children, figures should be summed for the appropriate age categories. To estimate expenses for an only child, multiply the total expense for the appropriate age category by 1.25. To estimate expenses for each child in a family with three or more children, multiply the total expense for each appropriate age category by 0.78. For expenses on all children in a family, these totals should be summed.

Rural areas are places of fewer than 2,500 people outside a Metropolitan Statistical Area.

<sup>a</sup> Includes only families with child care and education expenses.

<sup>b</sup> Includes personal care items, entertainment, and reading materials.

**Table 7. Estimated annual expenditures on a child by single-parent families, overall United States, 2011**

Age of child	Total expense	Housing	Food	Transportation	Clothing	Health care	Child care and education <sup>a</sup>	Miscellaneous <sup>b</sup>
<b>Before-tax income: Less than \$59,410 (Average = \$26,350)</b>								
0 - 2	\$7,760	\$2,840	\$1,400	\$680	\$410	\$520	\$1,400	\$510
3 - 5	8,610	2,840	1,370	920	330	600	1,940	610
6 - 8	8,450	2,840	1,830	1,030	340	670	960	780
9 - 11	9,030	2,840	2,010	1,060	400	620	1,360	740
12 - 14	9,440	2,840	2,150	1,130	420	940	1,120	840
15 - 17	9,180	2,840	2,270	1,130	460	930	880	670
<b>Total</b>	<b>\$157,410</b>	<b>\$51,120</b>	<b>\$33,090</b>	<b>\$17,850</b>	<b>\$7,080</b>	<b>\$12,840</b>	<b>\$22,980</b>	<b>\$12,450</b>
<b>Before-tax income: \$59,410 or more (Average = \$107,820)</b>								
0 - 2	\$16,770	\$5,880	\$2,080	\$1,920	\$590	\$980	\$3,670	\$1,650
3 - 5	17,660	5,880	2,070	2,160	500	1,090	4,210	1,750
6 - 8	17,810	5,880	2,680	2,260	530	1,180	3,350	1,930
9 - 11	18,660	5,880	3,000	2,300	610	1,110	3,880	1,880
12 - 14	19,670	5,880	3,080	2,370	650	1,560	4,150	1,980
15 - 17	20,570	5,880	3,220	2,370	730	1,550	5,010	1,810
<b>Total</b>	<b>\$333,420</b>	<b>\$105,840</b>	<b>\$48,390</b>	<b>\$40,140</b>	<b>\$10,830</b>	<b>\$22,410</b>	<b>\$72,810</b>	<b>\$33,000</b>

Estimates are based on 2005-06 Consumer Expenditure Survey data updated to 2011 dollars by using the Consumer Price Index. For each age category, the expense estimates represent average child-rearing expenditures for each age (e.g., the expense for the 3-5 age category, on average, applies to the 3-year-old, the 4-year-old, or the 5-year-old). The Total (0 - 17) row represents the expenditure sum of all ages (0, 1, 2, 3, ...17) in 2011 dollars. The figures represent estimated expenses on the younger child in a single-parent, two-child family. For estimated expenses on the older child, multiply the total expense for the appropriate age category by 0.97. To estimate expenses for two children, the expenses on the younger child and older child after adjusting the expense on the older child downward should be summed for the appropriate age categories. To estimate expenses for an only child, multiply the total expense for the appropriate age category by 1.29. To estimate expenses for each child in a family with three or more children, multiply the total expense for each appropriate age category by 0.77 after adjusting the expenses on the older children downward. For expenses on all children in a family, these totals should be summed.

<sup>a</sup> Includes only families with child care and education expenses.


<sup>b</sup> Includes personal care items, entertainment, and reading materials.



U.S. Department of Agriculture  
Center for Nutrition Policy and Promotion  
3101 Park Center Drive, Suite 1034  
Alexandria, VA 22302

703-305-7600  
[www.cnpp.usda.gov](http://www.cnpp.usda.gov)


Mona Maehara/SSD/DHS  
12/22/2013 12:20 PM


To Patricia McManaman/DHS@DHS  
cc Barbara Yamashita/DHS@DHS, Susan  
Fernandez/DHS@DHS, Kayle Perez/SSD/DHS@DHS,  
Cynthia Goss/SSD/DHS@dhs, Lee Dean/SSD/DHS@dhs,  
bcc  
Subject Re: FINAL Foster Care Rate Analysis 12.12.13.docx 

Hi Pat,

Thank you for all your help editing this report. We will make edits and incorporate new tables as discussed with revised \$\$ amounts reflecting 2012 USDA report. We'll also discuss points that you've identified and provide input.

If \$8M is fixed amount, then using 2012 USDA report will probably increase projected totals. Therefore, proposed % of USDA amounts will need to be decreased. We'll calculate new amounts and % that will be proposed.

We'll have draft ready no later than Tuesday. 

 Thanks again!

Mona

--

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SOH 05233



Patricia McManaman/DHS  
12/22/2013 02:15 PM

To "Mona Maehara" <MMAehara@dhs.hawaii.gov>  
cc "Barbara Yamashita" <BYamashita@dhs.hawaii.gov>, "Susan Fernandez" <SFernandez@dhs.hawaii.gov>, "Kayle Perez" <KPerez@dhs.hawaii.gov>, "Cynthia Goss"  
bcc

Subject Re: FINAL Foster Care Rate Analysis 12.12.13.docx

Hi, I don't want to put the 2912 numbers into the report just yet. I just want to know what they are. Our budget was based on the 2011 report and, at this time, that is the number we must use.

Thanks  
Pat

--  
NOTICE: This information and attachments are intended only for the use of the individual or entity to which it is addressed, and may contain information that is privileged and/or confidential. If the reader of this message is not the intended recipient, any dissemination, distribution or copying of this communication is strictly prohibited and may be punishable under state and federal law. If you have received this communication and/or attachments in error, please notify the sender via email immediately and destroy all electronic and paper copies.

> On Dec 22, 2013, at 12:20 PM, "Mona Maehara" <MMAehara@dhs.hawaii.gov> wrote:

>

> Hi Pat,

>

> Thank you for all your help editing this report. We will make edits and incorporate new tables as discussed with revised \$\$ amounts reflecting 2012 USDA report. We'll also discuss points that you've identified and provide input.

>

> If \$8M is fixed amount, then using 2012 USDA report will probably increase projected totals. Therefore, proposed % of USDA amounts will need to be decreased. We'll calculate new amounts and % that will be proposed.

>

> We'll have draft ready no later than Tuesday. [REDACTED]

■ Thanks again!

> Mona

>

> --

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 DefaultMailSaveOptions: 1  
 Query\_String:  
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 tmpImp:  
 Sign:  
 Encrypt:  
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 \$UpdatedBy: CN=Lisa Nakao/OU=SSD/O=DHS  
 \$Revisions: 10/04/2013 09:10:18 AM  
 \$RespondedTo: 2

Body: HI Mona!

The only premise that is being made is, we are using the "USDA Estimated Annual Expenditures on a child for Hawaii (Urban West) with a before tax income of \$58,890 to \$101,960" to calculate what the Total monthly expenses (incl only housing, food, and misc costs) of raising a child would be. This monthly expense would be the following:

- 1. 0-5 yrs old: \$606 monthly cost
- 2. 6-11 yrs old: \$684 monthly cost

116 DATE 6/19/14  
 LS Lisa Nakao  
 SUE M. FLINT

3. 12+ yrs old: \$712 monthly cost

If we were to try to meet this cost of raising a child by 95% using the same age breakdown of USDA (see option 2 on spreadsheet for what the board rates would be) the total annual cost taking into account our Statewide number of foster children (age breakdown by age given by Ricky) would be \$43,529,764.75. Currently, using our current flat board rate and our same statewide number of foster children (using Ricky's statistics again), it costs DHS annually about \$35,383,752.00. So the difference between Option 2 and the current cost would be the additional funds needed annually if we were to try to meet USDA's monthly cost by 95% (See Option 2 for what the board rates would be using the USDA age breakdown) which amounts to \$8,146,012.75.

Hope this helps!

Lisa

Lisa Nakao, Planner  
Hawaii State Dept. of Human Services  
Social Services Division  
810 Richards St., Suite 400  
Honolulu, Hawaii 96813  
Phone: 586-5584  
Fax: 586-5700  
E-Mail: lnakao@dhs.hawaii.gov

Mona Maehara/SSD/DHS  
10/03/2013 05:33 PM

To  
Lisa Nakao/SSD/DHS@DHS  
cc

Subject  
Re: Fw: iQ Leg tracking system

Yes, can do.

Also, do you have any narrative, explanation for your spreadsheet which showed \$8M increase for Foster Care Board increase? What is premise, etc.?  
Thanks

Lisa Nakao/SSD/DHS

SOH 11436

10/03/2013 04:29 PM

To  
Mona Maehara/SSD/DHS@DHS  
cc  
Susan Yamamoto/DHS@dhs, Barbara Yamashita/DHS  
Subject  
Fw: iQ Leg tracking system

Hi Mona!

Asked Susan Y if I need to have access to the Leg Tracking iQ system. Susan recommended that I do need to have access. Could you please put me on your SSD list of people who need to have access to the Leg Tracking iQ system?

Thanks for your help!  
!

Lisa

Lisa Nakao, Planner  
Hawaii State Dept. of Human Services  
Social Services Division  
810 Richards St., Suite 400  
Honolulu, Hawaii 96813  
Phone: 586-5584  
Fax: 586-5700  
E-Mail: lnakao@dhs.hawaii.gov

----- Forwarded by Lisa Nakao/SSD/DHS on 10/03/2013 04:24 PM -----

Susan Yamamoto/DHS  
10/03/2013 04:01 PM

To  
Lisa Nakao/SSD/DHS@DHS  
cc  
  
Subject  
Re: iQ Leg tracking system

yes make sure Mona puts you on her list.

SOH 11437

Lisa Nakao/SSD/DHS  
10/03/2013 03:26 PM

To  
Susan Yamamoto/DHS@dhs  
cc

Subject  
Re: iQ Leg tracking system

Hi Susan!

Is this something I need to have access to?

Lisa

Lisa Nakao, Planner  
Hawaii State Dept. of Human Services  
Social Services Division  
810 Richards St., Suite 400  
Honolulu, Hawaii 96813  
Phone: 586-5584  
Fax: 586-5700  
E-Mail: lnakao@dhs.hawaii.gov

Susan Yamamoto/DHS  
10/03/2013 03:07 PM

To  
Donna Kaohu/SSD/DHS@dhs, Elliot Kano/SSD/DHS@DHS, Linda Chun/SSD/DHS@dhs,  
Lisa Nakao/SSD/DHS@DHS, Mona Maehara/SSD/DHS@DHS, Sandra Joy  
Eastlack/SSD/DHS@DHS, Suzanne Mahelona/SSD/DHS@DHS, Cheryl  
Takano/bessd/DHS@DHS, Dana Balansag/bessd/DHS@DHS, Jennifer  
Kaneshiro/bessd/DHS@DHS, Lori Tshako/bessd/DHS@DHS, Lorie  
Young/bessd/DHS@DHS, Pamela Higa/fsp/bessd/DHS@DHS, Pankaj  
Bhanot/bessd/DHS@DHS, Scott Nakasone/bessd/DHS@DHS, Julie  
Morita/bessd/DHS@DHS, Catherine Scardino/bessd/DHS@DHS, Bonnie  
Hoskins/SSD/DHS@dhs, Cynthia Ann Vallente/SSD/DHS@DHS, Cynthia  
Goss/SSD/DHS@dhs, Kayle Perez/SSD/DHS@DHS, Lee Dean/SSD/DHS@dhs, Lisa  
Nakao/SSD/DHS@DHS, Lynne Kazama/SSD/DHS@DHS, Mona Maehara/SSD/DHS@DHS,  
Rosaline Tupou/SSD/DHS@DHS, Suzanne Mahelona/SSD/DHS@DHS, Albert  
Perez/VR/DHS@dhs, Barbara E Arashiro/DHS/StateHiUS@StateHiUS, Catherine A  
Betts/DHS/StateHiUS@StateHiUS, Cynthia Goss/SSD/DHS@dhs, David  
Hipp/OYS-HYCF/DHS@DHS, Edwin Igarashi/DHS@dhs, Elliot Kano/SSD/DHS@DHS,  
Hakim Ouansafi/DHS/StateHiUS@STATEHIUS, Irene Nakano/DHS@DHS,  
kfink@medicaid.dhs.state.hi.us, Kayle Perez/SSD/DHS@DHS,  
LTawata@medicaid.dhs.state.hi.us, Mona Maehara/SSD/DHS@DHS, Pankaj  
Bhanot/bessd/DHS@DHS, Paul Sasaki/DHS@dhs, Ryan Shimamura/DHS@dhs, Scott

SOH 11438

Nakasone/bessd/DHS@DHS, Susan Foard/VR/DHS@dhs, Yvonne Tanaka/DHS@DHS, Barbara E Arashiro/DHS/StateHiUS@StateHiUS, Benjamin H Park/DHS/StateHiUS@STATEHIUS, Didi L Ahakuelo/DHS/StateHiUS@STATEHIUS, Hakim Ouansafi/DHS/StateHiUS@STATEHIUS, Kiriko U Oishi/DHS/StateHiUS@StateHiUS, bpang@medicaid.dhs.state.hi.us, jkido@medicaid.dhs.state.hi.us, kfink@medicaid.dhs.state.hi.us, ltawata@medicaid.dhs.state.hi.us, David Hipp/OYS-HYCF/DHS@DHS, Kerry Kiyabu/OYS-HYCF/DHS@DHS, Rachel Yanos-Danao/OYS-HYCF/DHS@DHS, Merton Chinen/OYS-HYCF/DHS@dhs, Edralyn Caberto/OYS-HYCF/DHS@DHS, Albert Perez/VR/DHS@dhs, Anita Santiago/VR/DHS@dhs, Eleanor Macdonald/VR/DHS@dhs, Katie Keim/VR/DHS@DHS, Shawn Yoshimoto/VR/DHS@dhs, Susan Foard/VR/DHS@dhs  
cc

Barbara Yamashita/DHS@DHS, Kamaile Brown/DHS@DHS, Kayla Rosenfeld/DHS@DHS, Patricia McManaman/DHS@DHS, Wilfredo Tungol/DHS@DHS, Zelda Viernes/DHS@dhs  
Subject  
iQ Leg tracking system

Hi all,

Just found out today that GOV Policy will be implementing a Leg tracking system called iQ. Not exactly sure how it works but it is meant for any person who assists in or needs to have eyes on bill proposals or testimony. It is web-based and only the iQ user can upload on the system. I think you can do internal tracking on this system. Sorry for the lack of information but this is all I got from the Leg Coordinator's meeting today. It is licensed so we need to let Policy know how many users we will have. Let me know by Friday, tomorrow.

Thanks,  
Susan Y

--  
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Mona Maehara/SSD/DHS  
10/04/2013 04:06 PM

To Susan Chandler <chandler@hawaii.edu>  
cc Kayle Perez <kperez@dhs.hawaii.gov>, Lynne  
Kazama/SSD/DHS@DHS  
bcc  
Subject Re: numbers for increasing foster rates 

Thank you, Susan! We'll take a look at this and let you know if we have any questions, etc. Appreciate your quick response.

Enjoy your weekend!  
Mona

Susan Chandler <chandler@hawaii.edu>



Susan Chandler  
<chandler@hawaii.edu>  
10/04/2013 03:28 PM

To Mona Maehara <Mmaehara@dhs.hawaii.gov>, Kayle Perez  
<kperez@dhs.hawaii.gov>  
cc  
Subject numbers for increasing foster rates

Hi,

Here are my calculations for increasing foster board payments by 20% overall and adding a supplement for infants/toddlers. I will write up the report using and justifying these numbers. \$100.00 may seem a lot for the babies, so this is a recommendation and of course, you can lower that amount. However it wouldn't raise the amount much spread out over 6,009 kids. The total increase cost to the department overall would be \$8,092,248. (Pretty close to Lisa's \$8,146,012.75, eh?)  
Susan



Resource Caregivers Reimbursement quickie.docx

Susan M. Chandler  
Director, Public Policy Center  
Professor, Public Administration  
723 Saunders Hall  
University of Hawaii  
Honolulu, HI 96822  
808 956-4237 (Center)  
808 956-0978 (direct)

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SOH 05895

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# Resource Caregivers Reimbursement Analysis\* for Hawai'i

## Executive Summary

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### Introduction

The Department of Human Services asked the University of Hawai'i Public Policy Center to conduct a study to determine the best option for establishing appropriate basic monthly room and board rates provided to resource caregivers (formerly called foster parents). This report has been discussed with a broad group of stakeholders in each county. Focus groups were held requesting feedback, comments and suggestions. This reports analyzes what other states do to determine their rates as well as analyzes the feedback received from stakeholders across the state. The term "resource caregivers reimbursement" will be used instead of "foster care room and board rate" based on the recommendation of It Takes an `Ohana, Hawai'i's resource caregivers' organization.\*

### Background

Kerry DeVooght and Dennis Blazey conducted a 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. They reviewed data from 46 states and examined the methodology and amount given in room and board payments for resource caregivers. (Hawai'i was not included in this study.) Their findings included that:

- ❖ Forty (40) states utilize an age-related classification for determining their basic board rate, with the majority of states using three categories: 0-5 or 6; a second group of youth up to 12 or 13 years old; and then the final group of youth older youth.
- ❖ Most states have recently increased their rates in the year 2009 or later, reflecting the increasing costs of caring for children.
- ❖ The basic foster care rates in the majority of states fall below the estimated costs of caring for and raising a child.

Comparing rates across states, or ranking states, is problematic since different states include different items in their "board rate" such as clothing and/or other components. Hawai'i is one of only 10 states that do not use an age-graded methodology for determining its board payments. In 1990, Hawai'i's basic rate was set at \$529 a month. This has remained unchanged since then. However there are many other supports such as QUEST health insurance, difficulty of care payments, a clothing allowance and clothing reimbursements for special circumstances or events, certain transportation costs, respite care, child care, limited liability insurance, trainings and other enhancements and support. **Not all families apply for these extra payments or are eligible for them.**

Research has consistently found that increases in board stipends improves the placement stability for children; improves 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.

### Conclusions

The \$529 monthly board amount provided to Hawai'i resource caregivers is insufficient now due to the high cost of living in Hawai'i, the increased costs of housing, utilities, and the other necessities associated with raising children. The current costs for room and board at the current rate of \$529.00 a month is \$3,178,761 or \$38,145,132 per year. (Please note that adoption assistance, permanency assistance and higher education costs are included in this calculation, but difficulty of care payments are not.) These data also include an estimate for the new group of youth 18-21 who may voluntary choose to remain in foster care.

### Policy Options

1. Leave the board rate the same as it is now for all resource caregivers.

PRO: Making no changes to the flat board rate is the easiest option for DHS to implement. It would only cost the state more money if the number of children needing foster board increases. It would be possible to review the existing administrative rules and insure that all of the resource families are fully aware of the additional benefits that are available to them (i.e. clothing allowances, difficulty of care payments, travel, enhancements, etc.) so that their total benefit package more adequately supports the cost of raising a child.

CON: The board rate is supposed to cover the costs of housing and additional child, utilities and associated costs of incidentals. It has become difficult to recruit and retain resource caregivers when the reimbursement rates are so low. Doing nothing does not help Hawai'i adequately support its resource caregivers. This can have negative implications for the well-being of foster children.

2. Adjust the board payment from a flat rate to three age-tiered categories: 0-5, 6-12 and youth 13 and older.

PRO: This brings the state into alignment with the other 40 states that use an age-based methodology. This methodology reflects the known increase in the cost of providing care for children as they age.

CON: Deciding on which youth would see the increase (and what amount) could be challenging. Should it change at 5 years old or 6? 12 or 13? Should there be an additional category for youth over 18? Many caregivers in the focus groups noted that there are significant costs associated with fostering newborns and infants 0-2 years old, including diapers, formula, equipment, etc. It was recommended in every focus group that the department add a supplemental payment to this group of resource caregivers. Others mentioned the concern that different rates by age groups could be a recruitment problem for the age groups that were being reimbursed at lower rates.

3. Increase the board payment based on The United States Department of Agriculture's Expenditure on Children and Families Report with an added increment for new infant and babies under the age of two years old.

PRO: This acknowledges that the cost of raising children has increased since the last foster board rate adjustment and ties the increase to a respected government report. It also acknowledges what was heard consistently throughout the state that there is a need to support new resource caregivers who are receiving newborns and infants with the added expenses of diapers, formula and other needed essentials.

CON: This does not acknowledge the increasing expenses of raising teens and older youth as they get older. Some have suggested that an increased rate for this age group helps with placing hard to place older youth.

### **Recommendation**

Increase the room and board rate from \$529.00 to \$635.00 a month across the board. This would be a 20% increase and would cost the department \$7,643,448 in additional funds. Provide an additional reimbursement of \$100.00 a month for infants and toddlers (n=374). This would cost the department \$448,800. The total increase cost overall would be \$8,092,248.



## Foster Care Maintenance Payment Analysis for Hawai'i

Susan Meyers Chandler, Ph.D.  
December 2013

Exhibit No. 7  
Deposition of S. Chandler  
Date 6-5-15  
Adrienne Ho, CSR, RPR

SOH 08435

**EXHIBIT 18**

## Executive Summary

### Introduction

The Department of Human Services is aware that the monthly Foster Care maintenance payments to Resource Caregivers (formerly known as Foster Parents) has not been raised since 1990, and is insufficient due to the increased costs for food, housing utilities, clothing and other necessities in raising a child. To address this situation, the DHS contracted the University of Hawai'i Public Policy Center (PPC) to review and compare the monthly foster care maintenance payment system in Hawai'i with other states, and recommend a methodology to determine an appropriate amount.

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

#### I. Review of Other States Foster Care Maintenance Rate

Many states have been discussing the needs of Resource Caregivers who are caring for children in the foster care system. Two national studies were reviewed including: The Family Foster Care Provider Classifications and Rates Survey (2003), and Hitting the M.A.R.C. Establishing Foster Care Minimum Adequate Rates for Children (2007). In addition, the methodology used by three states: California, Indiana, Oregon, and the District of Columbia to determine their foster care rates was reviewed.

#### II. Cost of Raising Children in Hawai'i

Review of estimated annual expenditures for a child in the urban Western region based on The United States Department of Agriculture (USDA) Expenditures on Children by Families (2011).

#### III. 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.

#### IV. Focus Group Feedback

Focus groups with stakeholders, including Resource Caregivers, child welfare staff, providers and court personnel were held in four counties: Oahu, Hawai'i, Maui, and Kauai. Separate focus groups were also held with foster youth and former foster youth.

### 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.) It was 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 a 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 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 needs or level of care. Frequently cited tools were: the Child and Adolescent Functional Assessment S, the Child and Adolescent Needs and Strengths, or some other state or agency developed tool;
- 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; and
- The basic foster care payments in the majority of states fall below the estimated costs of caring for and raising a child.

### 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.

Hawai'i's basic rate was established by the Legislature in 1990 at \$529 a month and has remained unchanged. However, the cost of raising a child in Hawai'i has continued to increase.

As with other states, Hawai'i's Resource Caregivers can also receive additional benefits such as QUEST health insurance; difficulty of care payments; clothing reimbursements for ongoing support, special circumstances and/or events; certain transportation costs; respite care; child care; limited liability insurance; trainings; other board-related costs; and enhancements and supports that are given to Resource Caregivers.

National research has consistently found that increases in foster board payments 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 monthly foster care payment to 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 utilizes what the majority of other states use as their methodology which is to increase the payment 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.

**Recommended Monthly Foster Care Maintenance Payment:**

1. Use the United States Department of Agriculture's Expenditures on Children by Families Report as a benchmark at 95% of the USDA reported expenditures for the Western region;
2. Establish a three group, age tiered structure, 0-5, 6-11, and over 12 years of age;
3. Monthly Foster Care Payment would be:
  - \$567 a month for children 0-5 years of age (7.2% increase)
  - \$650 for children 6-11 (22.9% increase)
  - \$676 for youth over 12 years of age (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 foster care payments for Resource Caregivers. 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)). The 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." It is important to note that any increase in the basic board payment 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 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 payment 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 payment 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. 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. 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 payments

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 payments is associated with reduced family dropout and increased stability for children.

### 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 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) 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 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 FOSTER CARE RATES**

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**

In 2007, the California Foster Parent Association 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's rates cannot "fall too far out of line with the costs of providing those items." The state asked the Center for Public Policy Research (CPPR) at the University of California Davis to conduct a study called "Alternative Proposals for A New Foster Home Rate Structure in California" published in March 2011. The study made a recommendation for a rate setting methodology and a preferred approach. The study reviewed the MACR Report (2007) among other studies and then matched the cost categories to those which are reimbursable under Title IV-E. It 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 develop a separate "cost of providing goods and services needed by foster children" whether costs related just to the foster child or to 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 their study. The study recommended that an initial clothing allowance at the time of placement be provided, but not a recurring allowance. The report presented a recommended two tiered option estimated from the aggregate cost factors specified under Title IV-E. Tier #1 was the estimated cost of providing 50% of the CES augmented to include the cost of transportation for foster children visiting their biological families and rate structure #2 used 100% of the estimated cost. The authors also recommended options to reflect geographic adjustors and region specific rates. The cost of raising children is generally lower for rural than urban families. This is indicated by the 9% higher costs of food and clothing from children that the CES data imply for rural as compared to urban families (Lino 2010). See table below.

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

Oregon

The state of Oregon publishes a report called the "Approved Foster Care Rate Methodology." The rate methodology identifies the process by which Oregon reimburses foster parents for the basic care of children in their homes. It describes its methodology for food reimbursement which is determined by reviewing both the USDA Report and the MARC. The state uses the middle income in the USDA report, and the expenses of the younger child in a two-child family. Then the USDA figure is increased by 10% based on the MARC assessment of increased costs of food for foster children. The final amount is 110% of the USDA figure. The clothing allowance uses the same process but doubles the MARC amount of extra clothing needs and the final amount is 150% of the USDA figure.

The housing/shelter reimbursement includes utilities, house furnishings, equipment and appliances. This does not include the costs for mortgage or rent, property taxes or insurance. Oregon uses the same process as described above but divides the total costs of expenditures in this by the number of people in the home; and increases the figure as recommended by the MARC report. The final amount is 60% of the USDA figure.

Oregon then defines daily supervision and using an Oregon Child Care Market Study applies a four level system of \$5.00 an hour for 15 hours per month as the base amount. The higher levels include 125% for 40 hours; 150% for 65 hours and 200% for 100 hours over the base amount. Personal incidentals are costed out to 125% of the USDA and the transportation is 46% of the USDA report.

## The Costs of Raising Children in Hawai'i

In Hawai'i, a Resource Caregiver 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 for a child by a two-parent household before tax income in the category between \$58,890 and \$101,960 in the urban Western region (including Hawai'i) for food, housing and miscellaneous costs by age groupings 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 (DBEDT, Research and Economic Analysis 2013). Hawai'i has an extremely high housing "unaffordability" index which is defined as the home price to income ratio. In 2013, the Hawaiian Electric Company reported that electricity costs are three times as much per Kw hour than the next highest state on the mainland. The USDA report however, does not include indirect costs such as the time families spend caring for their child, babysitting, respite care or pre-school expenses.

### 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. DHS rules provide for many other 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.

#### 2. 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.

#### 3. Other Transportation Costs

- a. 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.
- b. 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.
- c. Transportation to effect placement or reunify with family – Transportation for out of state travel needs prior approval from CWS Section Administrators, receiving state's interstate compact, and DHS Director.
- d. Transportation for Resource Caregivers to attend authorized meetings such as trainings.
- e. Transportation for child visitation / ohana time with parents and siblings.

- 4. 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.
- 5. Clothing Allowance** - In 2013, the state Legislature increased the allotment for clothing by \$100 to a maximum of \$600 annually for children in foster care. The clothing allowance will be paid automatically twice a year to streamline this benefit.
- 6. 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).
- 7. Enhancement Fund** – Funds from Geist Foundation through Family Programs Hawai'i – limited to \$500/child/year (extracurricular, social activities, hobbies, camps, other enhancements, etc.).
- 8. 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.
- 9. 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.
- 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 contractor, various foster care coalitions partially funded by DHS, community-based providers, etc., Child Care and Meals/Snacks are often provided.
- 13. 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.
- 14. 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.
- 15. Warm Line, Resource Referrals, Newsletters, Care To Share** – DHS contractor provides these additional support services to resource families.
- 16. 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.



**Cost Estimates for Increasing the Basic Foster Care Maintenance Rate**

Tables 1-3 display the cost estimates for increasing the Foster Care Maintenance for children and youth in selected age grouping, benchmarked at 95% of the 2011 USDA Report on the Expenditures on Children by Families. This amount of money is expected to reimburse the Resource Caregivers for 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 a difficulty of care payments which is dependent on a clinical assessment of the child’s special needs.

Of course there are many variables that could alter these cost projections. The number of children receiving the difficulty of care payments may increase as more children with complex needs enter the system. The anticipated increase in youth 18-21 years of age participating in the new Voluntary Care to 21 Program will be difficult to project in the initial years.

**SFY14 Estimates for Foster Care Maintenance Payment**

(At the 95% level of the 2011 USDA Report on the Expenditures on Children by Families)

**Table 1: Children 0-5 Years of Age**

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

**Table 2: Children 6-11 Years of Age**

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

**Table 3: Youth over 12 Years of Age**

Type of Payments	Average Monthly Amount	Number of youth	Total Cost per Category
Maintenance (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,
<b>TOTALS</b>		<b>3,079</b>	<b>\$2,081,404</b>

**Special Strategies are Needed to Recruit Homes for Youth over 12**

The DHS is concerned that it has become increasingly 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 resource homes. It is hoped that increasing the payments for this group by almost 28% will ease the challenge of finding Resource 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*

*"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*

*"Finding really good foster homes is really important. If paying them more will help you guys find good places we can stay in, I'm all for it." A former foster youth.*

*"If you pay more for some kids and not others, it's not fair." A current foster youth*

In order to receive input on the proposed rate reimbursement changes, the DHS asked Susan Chandler from the U.H. Public Policy Center, Lynne Kazama, CWS staff, Faye Kimura and Nicole Isa Iijima of the Richardson School of Law to conduct focus groups to obtain stakeholder input. During the month of September 2013, 10 focus group meetings were held on Oahu, Kauai, Maui, and Hawai'i Island (Hilo and Kona). One set of attendees included current and previous Resource Caregivers, Child Welfare staff and other interested adult stakeholders. Approximately 60 people attended the Neighbor Island meetings. About 40 people attended a meeting at the State Capitol. Separate focus groups were held made up of current and former foster youth focus groups. A total of 43 current and former foster youth attended the youth and young adult meetings. EPIC 'Ohana helped arrange these meetings on the Neighbor Islands and invited youth from the HI-H.O.P.E.S. Board and the Hawaii Foster Youth Coalition. On Oahu, the Hawai'i Foster Youth Coalition hosted the meeting.

There were several similar themes across the islands and between the Resource Caregivers and the young adults focus group members. **Everyone supported the idea of raising the foster care maintenance rates.** There were also excellent suggestions for a variety of improvements.

### Age Classification

Most of participants in the focus groups liked the idea of raising the foster care maintenance rates based on the age of the youth and acknowledged the presumed increased costs of caring for youth of youth as they age. Most agreed that there are increasing costs of food and clothing for teenagers. A few of the youth, however expressed concerns that an age-graded system for reimbursement rates was "unfair" and could make it hard to find Resource Caregivers for the groups with lower reimbursements. 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 of the child 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 in order to get reimbursed was a hassle. Some commented that a purchase order system would be better if the child welfare staff could reimburse it in a timely manner and it would work better if more stores would accept purchase orders. 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 the clothing allowance needed to be given 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 (DOC)

This topic was raised in every adult person's focus group. It seemed that it was unclear to many on *how* they were to get the DOC payment. Evidently, many doctors were not informed about how to fill out the DOC form or what it actually entailed to care for a child with the identified 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.) like a daily functional living assessment would be preferred. It seemed that many caregivers felt the current forms were hard to use and then there was inconsistency across CWS workers regarding how they processed 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 Foster Care rates and Resource Caregiver reimbursements across the nation, and hearing from a broad group of Hawai'i's stakeholders including current and past Resource Caregivers, current foster youth and former foster youth, as well as some CWS staff, providers and court personnel, it is clear that there is a need to increase the basic rates for Resource Caregivers, since this has not been done since 1990.

To come in line with the other 42 states and to align the costs of caring for children with the USDA Report which uses different ages to classify the costs of care, the policy recommendations are:

- Establish a reimbursement system based on three age categories (0-5; 6-11 and over 12 years)
- Benchmark the rate of increase for each age cohort on the USDA Report on Expenditures on Children by Families (2011) \*

It is clear from the review of the research, the reports and interviews with other states and the District of Columbia, states vary widely on exactly how they determine what reimbursement level to use. Most states use the USDA Report and/or the Consumer Expenditures Survey (CSE), but why elements are computed and at what percentage is often dependent on available resources given by the Legislature. Some states have conducted studies asking Resource Caregivers to document their expenditures and they are guided by those data. Several states have been sued by Foster Parent associations to attempt to force states to establish a transparent methodology and get the state's reimbursement rates close to the real cost of providing the care. Hawai'i has a generous package of supplemental benefits and reimbursements, so is proposing that the 2014 rate be structured at 95% of the 2011 USDA Report for the urban Western region.

If the Legislature selects this approach and sets the 2014 rate at 95% of the 2011 USDA Report, the increase costs are estimated to be \$8, 502,936 annually.

(\*Included in these increases will be families receiving adoption assistance; permanency assistance; and youth who receive higher education benefits, as well as, the new group of young adults who choose to engage in the voluntary extended care program from 18 until age 21.)

**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

**Appendix 2  
Washington, D.C.**

Case Management and Family-Directed Foster Care Services.....Attachment J.1.2  
CPSA-10-11-0016



**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	\$950.46
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	\$34.13	\$1,024.50	\$1,058.65
II - Special	\$35.59	\$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	\$950.46
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	\$1,059.37
III - Handicapped	\$36.32	\$1,089.60	\$1,122.12
IV - Multi-handicap	\$43.04	\$1,291.20	\$1,334.24

Page 1 of 2

**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 rate 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.

**Appendix 3:  
Focus Groups Results**

Universal Themes Across the Islands

Responses to Foster Board by Age Range with higher costs to older children

- Many felt that the board rate by age range made sense. However, there was widespread sentiments that infants are actually more expensive than older youth based on costs for diapers, formula, childcare, car seats and other costs. Many advocated a flat rate.
- There were arguments that various ages had more costs associated and it depended on the individual.
- Many expressed concern that if rates determined by age group, Resource Caregivers may go by the group that gets the most money. There are some RC who do strictly one age group or gender. This may create conflict if tier by ages. It may be harder to get for younger kids because more money going to older youth.
- Many expressed concerns related to DOC payments and whether these were appropriately considered in these costs.

Responses Proposal to implementing the clothing benefit to a twice a year flat clothing allowance:

- Many liked this proposal since it streamlines the process and makes it easier than submitting receipts.
- Many expressed that the current reimbursement process is extremely lengthy.
- Emphasis that the actual costs exceeds the allowance limit
- Some expressed that they do not like the flat rate concept – FY do not always come with their belongings and significant needs for clothing.
- Many expressed concerns about accountability and responsibility with these a flat clothing allowance.
- Multiple proposal suggested including store specific vouchers, gift cards to shopping centers.
- Concern by the youth/young adults were mainly that the clothing allowance be applied towards its intended use. Many thought that receipts should be still be submitted to ensure accountability on all parties.
- Example – when young adults receives ETV, they have to submit receipts before they may receive their next check. Should be the same with the clothing allowance.

**Example of Urban West Estimated Expenditure on a child is approximately \$667/month:**

- Several individuals responded that this amount would not go far in Hawai'i.
- The COL here is high, Several expressed that there should be a more direct correlation between COL and foster board rate.
- Some also indicated that there should be kind of mechanism so that another 23 years does not go by without an increase such as an automatic review.

**Rates based on Geography:**

- Good idea to acknowledge that COL in some areas is higher than others. E.g. by counties, instead of by islands. e.g. Moloka'i and Lana'i expensive.
- Some expressed that this would be difficult for implementation.
- Emphasis that the rate should be based on "something," e.g. FPL, COL, and adjusted regularly.



**Summary of Foster Board Rates Focus Groups by Island**

West Hawai'i / Kona September 19, 2013

**Foster Board Rates- Resource Caregivers**

Question	Responses
Rate by Age Range w/ older youth increase	<ul style="list-style-type: none"> <li>▪ This makes a lot of sense. But concerned infants have greater costs such as diapers, formula and childcare.</li> </ul>
Making clothing automatic benefit 2x/year	<ul style="list-style-type: none"> <li>▪ Like this idea since it streamlines the process. Important to note that not all Resource Caregivers know what resources are out there.</li> </ul>
Example of Urban West Estimated Expenditure	<ul style="list-style-type: none"> <li>▪ This amount would not go far in Hawai'i. The COL here is high.</li> <li>▪ Question: What does the \$667 include? Housing?</li> </ul>
Rates Based on Geography	<ul style="list-style-type: none"> <li>▪ Complicated for this state.</li> <li>▪ Keep the same across the board.</li> </ul>
What are important criteria in increasing rate?	<ul style="list-style-type: none"> <li>▪ The rate hasn't increased in 23 years.</li> <li>▪ COL has increased.</li> <li>▪ Resource Caregivers now have mandatory training, more contact with biological family – a lot more responsibilities now than 23 years ago.</li> <li>▪ Children have changed – times, technology, needs are different, more intense.</li> <li>▪ DOH – pays much more than DHS for therapeutic homes.</li> </ul>
Additional Concerns?	<p>Question: Is there a way to implement some kind of mechanism so that another 23 years does not go by without an increase?</p> <ul style="list-style-type: none"> <li>▪ Need organized advocacy.</li> <li>▪ Can a yearly COLA be added - most states do not do this.</li> <li>▪ Maybe a five year review that triggers this discussion.</li> <li>▪ This is actually part of the recently revised HAR.</li> </ul>

West Hawai'i/ Kona September 19, 2013

Foster Board Rates – Youth/Young Adults

Question	Responses
Rate by Age Range w/ older Youth increase	<ul style="list-style-type: none"> <li>▪ Good idea – as long as the rate increases</li> </ul>
Making clothing automatic benefit 2x/year	<ul style="list-style-type: none"> <li>▪ Think the Resource Caregivers should turn in receipts</li> <li>▪ Cut out the PO – make the process simple/easier</li> <li>▪ Not all youth know what the money can be used for.</li> <li>▪ Training for youth and Resource Caregivers on appropriate uses.</li> <li>▪ Look at how can monitor/follow through.</li> </ul>

East Hawai'i/ Hilo September 25, 2013

Foster Board Rates – Youth/Young Adults

Question	Responses
Rate by Age Range w/ older Youth increase	<ul style="list-style-type: none"> <li>▪ Rate should be even all the way through. Suggest flat rate.</li> <li>▪ Concerned that there will be a preference for which age range Resource Caregivers will care for.</li> <li>▪ Depends – As get older, costs increase, e.g. sports or the Resource Caregivers may only be in it for the money..</li> <li>▪ There are other agencies/funding that may be taken advantage of to recover increased costs.</li> <li>▪ Hard to put “a price” on the different age ranges – May be hard to recruit Resource Caregivers.</li> </ul>
Making clothing automatic benefit 2x/year	<ul style="list-style-type: none"> <li>▪ Question about who will be responsible? Would like accountability.</li> </ul>

East Hawai'i/Hilo September 25, 2013

**Foster Board Rates – Community Stakeholders (including Resource Caregivers)**

Question	Responses
<p><b>Rate by Age Range w/ older Youth increase</b></p>	<ul style="list-style-type: none"> <li>▪ Babies are more expensive.</li> <li>▪ Even with WIC, formula still expensive.</li> <li>▪ Child-care – would like to see child care and preschool covered.</li> </ul> <p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>▪ Special needs for 0-3 population.</li> <li>▪ Special needs/DOC should be looked at. e.g. concerns about the Dept's willingness to provide and the lengthy process. DOC is a big issue.</li> <li>▪ Other costs such as utilities and food increase as the child ages.</li> </ul>
<p><b>Making clothing automatic benefit 2x/year</b></p>	<ul style="list-style-type: none"> <li>▪ Attendees liked this proposal.</li> <li>▪ Can submit receipts/reimburse or PO right now – easier for the Dept is automatic twice/year.</li> <li>▪ Hard for Resource Caregivers to hold on to receipts.</li> <li>▪ The new Resource Caregivers may not know what the clothing allowance may be used for. Good idea to have a list of "allowable items."</li> <li>▪ Will sometimes have foster youth who come to their homes with nothing.</li> </ul>
<p><b>Additional Concerns?</b></p>	<p><b>Message to Legislature</b></p> <ul style="list-style-type: none"> <li>▪ It's time.</li> <li>▪ Children and Resource Caregivers are worth the increase.</li> <li>▪ Activities/sports, etc. fees, access to these things are important.</li> <li>▪ Cannot have CWS without a good pool of Resource Caregivers, e.g. Child Connections provide Resource Caregivers more money for child care than the Dept.</li> <li>▪ Respite – please look at respite home issues. Either raise or make exceptions for doctor appointments.</li> </ul>

Kauai September 27, 2013

Foster Board Rates – Community Stakeholders (including Resource Caregivers)

Question	Responses
Rate by Age Range w/ older Youth increase	<ul style="list-style-type: none"> <li>▪ The age range of 0-3years has high maintenance/lots of expenses, e.g. diapers.</li> <li>▪ Maybe from school age can do age tier.</li> <li>▪ Early childhood development important.</li> <li>▪ Teens – increased costs regarding activities, needs, food.</li> </ul> <p><b>Middle dip” basis</b></p> <ul style="list-style-type: none"> <li>▪ Hard to decrease the FB amount</li> <li>▪ Concern regarding preferences for certain ages by Resource Caregivers.</li> </ul>
Making clothing automatic benefit 2x/year	<ul style="list-style-type: none"> <li>▪ Don’t like the flat rate – Foster youth do not always come with their belongings.</li> <li>▪ Child specific placements do not claim the allowance.</li> <li>▪ Policy and procedures need to change – don’t always give/receive the initial allowance.</li> <li>▪ Initial and maintenance allowance will have to be tracked by the child.</li> <li>▪ Allow the initial/maintenance by placement, not by calendar year.</li> <li>▪ Try to assist Resource Caregivers when requests come in for the clothing allowance, but the reimbursement process is lengthy.</li> <li>▪ Actual cost exceeds the allowance limit.</li> </ul>
Example of Urban West Estimated Expenditure	<ul style="list-style-type: none"> <li>▪ Numbers sound low.</li> </ul>
Rates Based on Geography	<ul style="list-style-type: none"> <li>▪ Makes sense, COL in Kaua’i is higher than Oahu.</li> <li>▪ The rate should be based on “something,” e.g. FPL, COL, and adjusted regularly.</li> </ul>
What are important criteria in increasing rate?	
Additional Concerns?	<ul style="list-style-type: none"> <li>▪ Leave opening/flexibility regarding special needs – DOC, exceptional payments.</li> <li>▪ Simplify DOC process.</li> <li>▪ ADA compliance – where and what category would this fit.</li> <li>▪ Private school – no provision for assistance regarding education options.</li> <li>▪ More enhancement, recreational funds, e.g. sports, uniforms, performing arts.</li> <li>▪ Transportation</li> </ul>

	<ul style="list-style-type: none"> <li>▪ More support for Resource Caregivers.</li> <li>▪ A Resource Caregivers asked CWS workers who were present – “what is working/not working?”             <ul style="list-style-type: none"> <li>○ Hard to recruit Resource Caregivers –money, time commitment, child care issues.</li> <li>○ There is need for preschool/early childhood resources.</li> <li>○ Resource Caregivers are now working more with biological parents/families.</li> <li>○ More challenges regarding older youth.</li> </ul> </li> </ul>
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**Kauai September 27, 2013**

**Foster Board Rate – Youth/Young Adults**

<b>Rate by Age</b>	<ul style="list-style-type: none"> <li>▪ By age is good – older youth have increased needs and necessities and higher costs.</li> <li>▪ Older youth have increased number of activities involved in.</li> <li>▪ Teens work, look for jobs so can have money to do these activities, go out.</li> </ul>
<b>Clothing automatic benefit 2x year</b>	<ul style="list-style-type: none"> <li>▪ Not aware of the allowance.</li> </ul>

Maui September 30, 2013

Foster Board Rates – Community Stakeholders (includes Resource Caregivers)

Question	Responses
<p><b>Rate by Age Range w/ older Youth increase</b></p>	<ul style="list-style-type: none"> <li>▪ Infants do not go to school and if RC works, then need child care/day care. Different challenges for infants as opposed to school aged children.</li> <li>▪ Infants higher needs – outgrow clothes quickly, diapers, child-care, lots of appointments/services for younger children.</li> <li>▪ Basic COL should be taken into account first, then everything factored in. Even with the additional resources, the rate will be decreased by the amount of resources receive. Receive money for food stamps, but rate will be decreased by that amount. ???</li> <li>▪ Even when go through all the channels, things happen and do not always get reimbursements. One RC lost approximately \$600 due to paperwork issues.</li> </ul> <p><b>Middle dip</b></p> <ul style="list-style-type: none"> <li>▪ This is not acceptable. There are preschool costs – if have to go through ARBOR (supposed to provide assistance with child care and preschool costs). Process is lengthy. As opposed to WIC, when process is streamlined and easy.</li> <li>▪ Difficult to access all the resources.</li> </ul>
<p><b>Making clothing automatic benefit 2x/year</b></p>	<ul style="list-style-type: none"> <li>▪ Automatic allowance – good idea. Streamlined and more efficient.</li> <li>▪ Having to apply, wait for response, getting approvals can sometimes take 3 months. Some youth do not come with any clothes.</li> <li>▪ Can plan for the clothing – e.g. will go shopping this day because know money will be there that day.</li> <li>▪ Even if when the child comes into the home, if get a store gift card or a voucher then very helpful.</li> <li>▪ There are vouchers for certain stores if want the money ahead of time. If want to go elsewhere, then have to submit receipts.</li> <li>▪ But have to wait for approval regarding reimbursements ??? Gives child empowerment to go out and buy where they choose. Sometimes paperwork/receipts get lost.</li> </ul>
<p><b>Rates Based on Geography</b></p>	<ul style="list-style-type: none"> <li>▪ Good idea to acknowledge that COL in some areas is higher than others. E.g. by counties, instead of by islands. e.g. Moloka'i and Lana'i expensive.</li> <li>▪ Don't agree with moving from one island to another island – what</li> </ul>

	<p>about visitation to the parent?</p> <ul style="list-style-type: none"> <li>▪ Situation mainly with permanency.</li> </ul>
What are important criteria in increasing rate?	
Additional Concerns?	<ul style="list-style-type: none"> <li>▪ <i>Question: is there some sort of facilitator that assists Resource Caregivers work with all of the different forms of support? E.g. when tried to find daycare, did not have as much assistance from the ARBOR. Is there an Ombudsman. Response: Family Programs HI has contract to provide assistance regarding warm line. Ongoing communication and getting info out.</i></li> <li>▪ Felt disjointed, compared to WIC situation being so streamlined. Concerns related to DOC</li> </ul> <p><b>DOC – streamlined process (youth comes with a evaluation and the DOC is automatic).</b></p> <ul style="list-style-type: none"> <li>▪ That is how it is supposed to done that way – based on the professional’s input. The professional signs off on a DOC and the amount is calculated based on what the provider’s specifies as the time required.</li> <li>▪ So worker has to work with the professionals and Resource Caregivers to make sure get DOC.</li> <li>▪ Some children have multiple diagnoses that are all valid, but get the same amount. Difficulty is that when give the paperwork to the doc, may take several months to get it back, and then issue becomes which one to submit. Time may be erratic for one child depending on what issue comes up at the time. Reality is different from what is on the evaluations. Will not find professionals willing to give honest time/consideration to the paperwork required for DOC.</li> </ul>

Maui September 30, 2013

Foster Board Rates – Youth/Young Adults

Question	Responses
Rate by Age Range w/ older Youth increase	<ul style="list-style-type: none"> <li>▪ Depends.</li> <li>▪ Should be across the board. Babies are not “cheap,” but neither are the older adolescents.</li> <li>▪ To be fair should be a base line across the board.</li> <li>▪ Nobody is “cheap” and everyone is the same.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ If go by age group, Resource Caregivers may go by the group that gets the most money. There are some RC who do strictly one age group or gender. May create conflict if tier by ages. May be harder to get for younger kids because more money going to older youth.</li> <li>▪ DOC can assist with board payments</li> </ul>
<b>Making clothing automatic benefit 2x/year</b>	<ul style="list-style-type: none"> <li>▪ One youth – at the start of the school, will take the children shopping.</li> <li>▪ Another youth had a bad experience getting the allowance. When applied, kept getting told that there is a back log and have to wait.</li> <li>▪ Check easier than a stipend. Response: not necessarily a check, maybe a voucher for clothes, or something like the SNAP card and can only be used for certain items.</li> <li>▪ More efficient.</li> <li>▪ Just a matter of choosing how it will come?</li> </ul>
<b>What are important criteria in increasing rate?</b>	<ul style="list-style-type: none"> <li>▪ Great if got more money.</li> <li>▪ COL increased 2% since 1990, should adjust based on the increases.</li> </ul>
<b>Additional Concerns?</b>	

Oahu September 21, 2013

Foster Board Rates – Youth/Young Adults

Question	Responses
<b>Rate by Age Range w/ older Youth increase</b>	<ul style="list-style-type: none"> <li>▪ Having the amount based on age could be a good idea, but sometimes there may be circumstances or exceptions that should be considered.</li> <li>▪ Needs will differ by individual (as opposed to just by age).</li> <li>▪ Is there a way to go needs based vs. aged based?</li> <li>▪ There is a concern that if the rate is lower for younger youth this would discourage Resource Caregivers from caring for the younger youth. Some were a big fan of age range. From CA, which does it this way. No model that will be perfect. Question – offer different rates based on things like MH needs? Yes, DOC, which is in addition to board rate.</li> <li>▪ Stepping would help, cost a lot less to house a six year old than a 16 year old.</li> <li>▪ Another would be look at overall expenditures a family has in HI – closer to COL.</li> </ul>



<p><b>Making clothing automatic benefit 2x/year</b></p>	<ul style="list-style-type: none"><li>▪ Concern by the youth/young adults were mainly that the clothing allowance be applied towards its intended use. Many thought that receipts should be still be submitted to ensure accountability on all parties.</li><li>▪ Example – when young adults receives ETV, they have to submit receipts before they may receive their next check. Should be the same with the clothing allowance.</li><li>▪ When the idea of the money going directly to older youth in care, there were concerns that the youth may not necessarily spend it on clothes also. One idea was that if the youth did not submit receipts, then no direct clothing allowance in the future.</li><li>▪ Another idea was to have a store card/ so that know the money is being spent at a clothing store.</li><li>▪ Some youth liked the idea of a voucher for a particular shopping center, rather than a single store.</li><li>▪ Youth/young adults would like a system that combines both accountability and flexibility – would like it to be easier to get the clothes when needed, but want to make sure the clothing allowance is being used for clothes.</li><li>▪ Pain to submit PO and receipts, but it keeps the youth involved in the process and keeps everyone accountable.</li><li>▪ Keep the reimbursement model when need something immediately, need clothes for a job interview, but also give advancement.</li><li>▪ Are we thinking about getting rid of the RC signature in the process and give directly to the youth?</li><li>▪ Maybe youth have to show their independence, prove/fulfill certain criteria. Not all youth will have this independence.</li></ul>
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Body: Hi Lisa: I edited the report--the most recent and the one you may want to work from is the one that FC rate report 3 with methodology--1 12 14. The other report is an earlier version with the track changes in case I took out too much--- We need to change the tables to 2011 and only up to the \$8.5 M request to the legislature in this budget. Thank you so much!!

Susan: I know that Lisa is having difficulty with her computer and formatting and has had to hand calculate all the numbers (as opposed to counting on a formula) Would you please help her double check the

numbers--it is important that we are accurate and second eyes and calculations always help this. Thank you.

Also feel free to edit the document . Our secretaries can help format and make "fit for public". I already see typos and spelling corrections needed and will go thru that again ...and again.

I cannot tell you how much I appreciate your work on the methodology and development of these tables! Thanks much.

Barbara Yamashita, DHS  
1390 Miller Street  
Honolulu, HI 96813  
Phone 808 586-4999  
Facsimile: 808 586-4890

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Body: Hi Barbara!

Attached is the report with the 2011 USDA numbers inserted as well as my

comments (filename: foster care report 3 with methodology LN 01-13-14 BY 1 12 14.doc). I put the date of my edit on the name so we can differentiate if you make more edits on your date after your initials so as to not confuse anyone of the different versions.

SUSAN- while I checked all the numbers and I think it is all calculating okay. Could you recheck for me as well? Two sets of eyes are better than one.

I also attached my word and excel set of tables that I used for the different options and the report for you to see. The attached excel worksheet options calculates correctly because I basically force-fed the "net amt increase" values to ensure that excel was calculating the costs correctly. I still think the differences in the total costs may be a rounding issue.

Hope this is okay.

Lisa

Lisa Nakao, Planner  
Hawaii State Dept. of Human Services  
1390 Miller Street  
Honolulu, Hawaii 96813  
Phone: 586-5125  
E-Mail: lnakao@dhs.hawaii.gov

Barbara Yamashita/DHS  
01/12/2014 01:43 PM

To  
lnakao@dhs.hawaii.gov  
cc  
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COLLEGE OF SOCIAL SCIENCES  
**public policy center**  
UNIVERSITY OF HAWAI'I AT MĀNOA

# Foster Board Rate Analysis for Hawai'i

**Susan Meyers Chandler, Ph.D.**

**Public Policy Center, University of Hawaii**

**September, 2013**



## Executive Summary

### INTRODUCTION

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The Department of Human Services is conducting a study to determine the best option for establishing appropriate basic monthly board rates provided to resource care-givers (formerly called foster parents). This draft report will be distributed to a broad group of stakeholders in the community for feedback, comments and suggestions. Interviews and focus groups will be conducted by the University of Hawai'i Public Policy Center in September to gather public input prior to developing a final report. The final report will be submitted the Legislature 20 days before the beginning of the next session.

### BACKGROUND

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In order to provide a context to consider any change in foster board rates in Hawai'i, we reviewed several national studies and reports. A crucial study written by Kerry DeVooght, from Child Trends and Dennis Blazey an independent consultant who previously was the budget and fiscal officer at the Office for Children and Family Services in Ohio conducted a study called The Family Foster Care Provider Classifications and Rates Survey published in 2013. The Annie E. Casey Foundation, Casey Family Programs and Child Trends funded this report. The authors reviewed data from 46 states and examined the amount given in room and board payments and the methodology utilized in each state. (Hawai'i was not included in this study.)

These were the primary findings from the study:

- ❖ No state uses only a single rate for all children in foster homes across a state.
- ❖ Forty (40) states reported utilizing an age-related classification for determining their basic board rate, with the majority of states using three categories: 0-5 or 6 year olds; a second group of youth between the ages of 6 or 7 to 12 or 13 years old, and then the final group of youth over 13.
- ❖ Most states reported that they had recently increased their rates in the year 2009 or later, reflecting the increasing costs of caring for children.
- ❖ The study also concluded that the basic foster care rates in the majority of states fall below the estimated costs of caring for and raising a child. "A number of states have rates that represent less than half the estimated cost of care." (DeVooght and Blazey (2013) pg. 2)

Comparing rates across states, or ranking states against each other, is problematic since different states include different items in their "board rate" such as clothing and/or other components. Hawai'i is one of only 10 states that does not use an age-graded methodology for its board payments. In 1990, the

basic rate in Hawai'i was set at \$529 for all children regardless of age. This rate has remained unchanged since then. Research has found that increases in board stipends improves the placement stability for children, improves the recruitment and retention of resource care-givers and their satisfaction, and that these factors have positive effects on the well-being of children.

## CONCLUSION

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The \$529 monthly board amount provided to Hawai'i resource care-givers established in 1990 is insufficient due to the high cost of living in Hawai'i, the increased costs of housing, utilities, and the other necessities associated with raising children. While Hawai'i supplements this basic stipend with other benefits such as difficulty of care payments, clothing allowances (for entering care and then a maintenance allowance), clothing for special circumstances or events, certain transportation costs, medical treatments, enhancement, respite care, child care, limited liability insurance, trainings and other supports, many families do not apply for these extra benefits,, are not aware of them, or are not eligible for them.

The current costs for room and board at the rate of \$529.00 a month costs the state \$3,477,646. (Please note that adoption assistance, permanency assistance and higher education costs are included in this calculation, but that difficulty of care payments are not included.) The Legislature passed Act 252 to implement a program currently being called Voluntary Care 2-21 for the new group of youth 18-21 who may voluntary choose to remain in foster care up to the age of 21 (n=135). These youth are included in the estimate of 6,574 children and youth per month are projected to be in foster care for the SFY 14.

**“Foster children often require extraordinary investments of attention and time, which can make foster parenting a 24 hour job.”**

**-Foster Parent**

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## POLICY OPTIONS

**1. Leave the board rate the same as it is now for all resource care-givers.**

**PRO:** Making no changes to the flat board rate is the easiest option for DHS and the state to implement. The cost to the state would increase only if the number of children in foster care increased. All of the resource families need to be informed about the full package of benefits that they may be eligible for (i.e. clothing allowances, difficulty of care payments, travel, a child).

**CON:** The board rate is supposed to assist families cover the costs of housing, utilities and associated costs. Hawai'i has not increased its rate since 1990. It is difficult to recruit and retain resource care-givers when the rates are so low. Forty states have established their rates based on the age of the child, reflecting the increased costs of raising children as they age. Doing nothing does not help Hawai'i adequately support its resource care-givers. There are negative long term implications for the well-being of foster children, when there are not a sufficient number of high quality foster homes for an initial placement (children may have to enter group care) and/or when a resource family chooses not to keep a child or take a sibling which may be due to the increasing cost of raising children in Hawai'i.

**2. Increase the board rate by a flat rate of \$75.00 a month to \$604.00 for all children and youth.**

**PRO:** This option attempts to reflect the increased cost of raising children since the last rate adjustment in 1990. It is easy to implement and is not very costly to the state.

**CON:** This adjustment does not reflect the increasing costs of raising children as they age and their needs change. This small increase may not be sufficient to assist in recruitment and retention of resource care-givers or improve placement stability. This flat rate is likely to be considered insufficient for these youth and families.

**3. Adjust the board payment from a flat rate to three age-tiered categories: 0-5, 6-12 and youth 13 and older.**

**PRO:** This brings the state into alignment with the other 40 states that use an age-based methodology to determinate their board rates. This methodology appropriately reflects the known increase in the cost of providing care for children as they age.

**CON:** Deciding on which age group would receive an increase (and at what amount) could be challenging. Should it change at 5 years old or 6? At age 12 or 13? Over 14? Should there be an additional category for youth over 18?

**4. Establish a geographic or regional variation based on the known differential cost of housing across the islands.**

**PRO:** The Center for Public Policy Research at the University of California, Davis studied the cost of raising foster children in California and recommended adjusting board payments to reflect geographical cost of living differences within the state of California grouped into three categories of low, medium and high cost regions based on the costs of housing as indicated by the HUD fair market rental costs. Putting this methodology in place in Hawai'i would acknowledge the higher costs of housing on the neighbor islands, as well as high rent areas in some neighborhoods on Oahu.

**CON:** This option would be extremely difficult to implement. Children may move from one neighborhood to another and adjusting their board payment based on where they live would be challenging. Determination of the specific neighborhood fair market rental costs may be hard to determine on the neighbor islands and whenever this rate changed, there would have to be changes to the foster board payment allotments.

### **PREFERRED OPTION AND RECOMENDATION**

Based on the review of the literature and analyzing the data in Hawai'i and discussing alternatives the preferred option is to establish an age related methodology of payments based on three categories:

Youth 0-5 years old (n=887): Increase the stipend by \$75.00. This would cost the state an additional \$ 798,300

Youth 6-12 years old (2,480): Increase the stipend by \$90.00. This would cost the state an additional \$2,678,400,

Youth 13 and over (2,637): Increase the stipend by \$100.00. This would cost the state an additional \$3,164,400.

The TOTAL ANNUAL cost would be \$6,641,100.

**A major finding of relevance to Hawai'i is that most states implemented their current basic board rate in 2009 or later. Hawai'i has not raised the monthly rate for foster board since 1990. The basic rate of \$529 for all children, regardless of age is insufficient due to the high cost of living in Hawai'i, the increased costs of housing, utilities, and other necessities associated with raising children.**

## BACKGROUND

**The research literature suggests that increases in board stipends improve the placement stability for children. Increased stipends have been found to improve care-givers' satisfaction and retention which indirectly affects the well-being of the child. An on-going concern in child welfare is the shrinking number of available resource family homes and the increased difficulty to recruit new homes. Even a small increase in the stipends is associated with reduced family dropout and increased stability for children.**

The Department of Human Services is conducting a study to determine the best option for increasing the monthly board rates for foster care. For the purposes of this study, the term "foster parent(s)" will be replaced with the term "resource care-giver(s)." Any board rate increase for foster board will also apply to adoption assistance, permanency assistance and higher education board allowance payments.

A study conducted by Kerry DeVooght and Dennis Blazey 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 analyzed board rate data from 46 states. (Hawai'i was not one of the states included in this study). The data revealed that the vast 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 to determine the child's needs and level of care; most states pay the same rate across the state regardless of geographic location of the home; the basic rate in the majority of states falls well below the actual costs of caring for a child; and the states vary widely on providing assistance to care givers. Some states include such items as clothing, transportation, personal incidentals, in the basic board rate and others do not.

“The start up costs of fostering a child 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 it needs to be picked up.” - Foster parent

## WHAT ARE OTHER STATES DOING?

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### Overview and Comparison of States' Methodologies

The Family Foster Care Reimbursement Rates in the U.S. 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 the data were difficult to analyze since there is a wide range of variation across the states about what is included in the state's payment 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 specialized care. Oregon has three levels of care and 4 levels of personal care that are used to determine their board rate. Nebraska has a 14-point reimbursement system that determines the rate paid based on the needs of the individual child. Most states do not revise their payment rates on a set time schedule, nor do they revise the rates automatically based on inflation or the cost of living index. The authors summarized their findings on page 33 by stating “the basic foster care rates in most states fall below the cost-of-care estimates for all age groups.” Indiana conducted a survey of the foster parents on the cost of child rearing and developed a benchmarking methodology to set their rates. The District of Columbia based their rates on the USDA Expenditures of Children by Families and adjusted for regional expenses. Both of these methodologies were developed and implemented due to Court actions.

### 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 the 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 in the Indiana Department of Child Services. While states often consider information like cost of living increases, or federal reports like the U.S Department of Agriculture's Expenditure on Children by Families 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 study noted that the two major reports frequently cited when recommending foster board rates have serious methodological flaws. The first, the MARC Report (2007) (Hitting the M.A.R.C. Establishing Foster Care Minimum Adequate Rates for Children) published by Children Rights, the National Foster Parent Association and the University of Maryland, School of Social Work calculated state by state recommended, minimum rates by analyzing consumer expenditure data reflecting the costs of caring for a child; identifying and accounting for additional costs particular to children in foster care and applying a cost-of-living adjustment. This study also included additional expenditures necessary to meet a child's basic physical needs and to cover the costs of "normalizing" childhood activities such as after school sports, art programs, etc. This study has been criticized 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 is no empirical data to justify these amount.

The second study frequently cited is the USDA federal survey data on the Expenditures on Children by Families based on the Consumer Expenditure Survey adjusted using the Consumer Price Index. The USDA study sums up different types of expenditures into categories that make direct comparisons across states, problematic. Secondly, the USDA study estimates the average daily expenditures and average total costs of household expenditures across ALL family members. This analysis would make the estimated actual costs associated with adding an additional child added to family expenditures inaccurate.

The Indiana study by contrast, measured the incremental most of an additional child, which is more relevant for determining an appropriate level for a 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 sources, 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, which is categorized as Foster Care with Services, Therapeutic Foster Care or Therapeutic Plus. Rates for these

categories of supervision were determined by a formula using the Ball State University Foster Care rate and the current rates paid to service providers for these enhanced services. These are also broken out by age 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. The personal allowance was increased from \$100 to \$300 annually which can 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. these are per diem rates by age category and 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	Monthly Rate
Foster Care	\$18.28	\$19.85	\$22.90	\$687.00
Foster Care with Services	\$26.05	\$27.62	\$30.67	\$920.10
Therapeutic Foster Care*	\$38.19	\$39.76	\$42.81	
Therapeutic Plus*	\$61.94	\$63.51	\$66.56	

\* In Hawai'i the therapeutic foster homes are administered by the Department of Health and are not included in this study.

In addition to the above described per diem payment, foster parents in Indiana 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 an 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 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 Cost of Raising a Child 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 rates and methodology)

### California

In 2007, the California Foster Parent Association 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 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 (2011). The CPCR study made a recommendation for a rate setting methodology and a preferred approach. The study reviewed the MARC Report (2007) and matched the cost categories to those which are reimbursable under Title IV-E, including items that are particular to the cost of raising children in foster care, such as liability and property insurance. However, the California study recommended altering the MARC methodology in such areas as determining transportation expenses and included transportation costs for visits to birth parents, as well as developing 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. The study recommended that an initial clothing allowance at the time of placement be provided, but not a recurring allowance. The logic here was that the base foster board rate should include clothing, but that children who come into care initially often do not have adequate clothing, shoes or personal items. 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 recommended rate increases. Rate Structure #1 is the cost estimates based on the CES study 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 COSTS OF RAISING CHILDREN IN HAWAII**

In Hawai'i, a resource family must provide evidence of self-sufficiency to become licensed as a resource family. The US Expenditures of Children and 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 usually accounts for the largest share of the family expenses ranging from 30 to 32% of total monthly costs. Hawai'i has an extremely high housing "unaffordability" index and the highest cost of electricity in the nation. Electricity costs three times as much per Kw hour than the next highest state on the mainland.

"Twenty years ago the  
 \$17.00 per day  
 boarding payment  
 stretched a lot farther."  
  
 -Foster Parent

## THE CONSUMER PRICE INDEX AS MEASURE OF RAISING CHILDREN IN HAWAII

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The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Between 1990, when the most recent foster board payment level was established and 2012, the CPI in Honolulu has increased by 80.6%

### HAWAII'S CURRENT APPROACH

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Hawai'i is one of 9 states that have maintained a flat board rate. However, the DHS rules provide for many other possible ways to support resource families. See Administrative Rules (HAR 17-1617-3) 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:

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

- c) 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 care-givers 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 Care-givers (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.

As mentioned previously, the majority of states use an age-tiered methodology for determining their board rate.

**Most states use one rate for children between the ages of 0-6, then increase the board stipend for youth 7-12 years old, and then increase the amount again at age 13.**

This age classification varies a little among the states, as some increase their rate at age 3 years old and again at 12, but the pattern of age-tiering is common across the states with most states increasing the rates as the age of the child increases.

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 as a 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 and these are annual ceiling amounts. This session, the

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.).

Currently approximately 25% of foster children receive a difficulty of care stipend which is capped at \$570.00 per month. This amount is 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 requires assistance over and above the average assistance needed for a child. The maximum along with board is \$1,099.00 a month. Resource families may receive adoption assistance payments or permanency assistance payments if so classified and some youth receive a higher education payment. These are also currently \$529.00 a month. Some families may be eligible for the Supplemental Nutrition Assistance Program (formerly known as Food Stamps), or other benefits, such as child care, if the parent is working out of the home. However, Hawai’i requires that resource care-givers must be “self sufficient” to be licensed. This is to insure that resource families are not using board payments to cover their basic cost of living and are able to provide for a foster child.

### POLICY OPTIONS

Table 1 displays the current cost for Room and Board using the flat rate of \$529.00 a month. This includes 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.

**Table 1: Costs for Room and Board\*At the Current Flat Rate of \$529 a month SFY 14 Estimate**

Type of Payments	Average Monthly Amount	Number of youth	Total Cost per Category
Room and Board	\$529	1191	\$630,039
Adoption Assistance	\$529	3560	\$1,883,240
Permanency Assistance	\$529	823	\$435,367
Higher Education	\$529	300	\$158,700
Difficulty of Care**	\$570	1612	\$918,840
Voluntary 18-21	\$529	135	\$ 71,415.
<b>TOTALS*</b>		<b>6,009</b>	<b>\$3,178,761</b>

\* DOC not included

Table 2 displays the cost if the board rate was increased by 14% for all foster youth.

The US Expenditures of Children and Families estimated the cost of raising a child to be \$606 a month for children between the ages of 0-5. This table displays a 14% increase for this group of youth and what it would cost to do this for all foster children, with no difference for the cost of raising older children.

**Table 2: Costs for Room and Board\* Estimates at the Flat Rate of \$604.00 a month (\$75.00 increase; 14%)**

**SFY 14 Estimates**

Type of Payments	Average Monthly Amount	Number of youth	Total Cost per Category
Room and Board	\$604	1191	\$719,364
Adoption Assistance	\$604	3560	\$2,150,240
Permanency Assistance	\$604	823	\$497,092
Higher Education	\$604	300	\$181,200
Difficulty of Care*	\$570	1612	\$918,840
Voluntary 18-21	\$604	135	\$ 81,540
<b>TOTALS*</b>		<b>6,009</b>	<b>\$3,629,436</b>

\* DOC not included in total

The increase in total cost if the rate was increased for all youth by \$75.00 is estimated to be \$3,629,436. This includes the estimated 135 youth beyond the age of 18 who may choose to stay in foster care until the age of 21. The Legislature gave the department \$1 million dollars to defray these costs.

However, as discussed previously, the vast majority of states provide resource families with differing rates that increase the allotment **based on the age of the child**. Most states set one rate for infants, babies and very young children between the ages of 0-5; another rate is for youngsters between the ages of 6-12; and then the highest rate for young adults 13 and older. Hawai'i will be implementing its new voluntary foster youth program to 21 years of age so new cost estimates include this new group of youth.

Table 3 displays the cost of increasing the board rate by \$75.00 for just the youth between the ages of 0-5.

**Table 3: Youth 0-5 Years of Age Cost for Room and Board Estimates at the Rate of \$604.00 a month (\$75.00; 14 % increase)**

**SFY14 Estimates**

Type of Payments	Average Monthly Amount	Number of youth	Total Cost per Category
Room and Board	\$604	535	\$323,140
Adoption Assistance	\$604	320	\$193,280
Permanency Assistance	\$604	32	\$19,328
Difficulty of Care*	\$570	239	\$136,230
<b>TOTALS*</b>		<b>887</b>	<b>\$535,748</b>

\* DOC not included in total

The US Expenditures of Children and Families estimated the cost of raising a child between the ages of 6-11 to be \$684 a month. Table 4 displays the cost of increasing the board rate by \$90.00 for youth between the ages of 6-12. This is a 17% increase and is \$65.00 less than the US Report estimated costs. Also, please note that the age groupings are slightly different.

**Table 4: Youth 6-12 years of age Costs for Room and Board estimates at the rate of \$619.00 a month (\$90.00 increase 17%)**

**SFY14 Estimates**

Type of Payments	Average Monthly Amount	Number of youth	Total Cost per Category
Room and Board	\$619	369	\$228,411
Adoption Assistance	\$619	1815	\$1,123,485
Permanency Assistance	\$619	296	\$183,224
Difficulty of Care*	\$570	725	\$413,250
<b>TOTALS*</b>		<b>2480</b>	<b>\$1,535,120</b>

\* DOC not included in total



Table 5 displays the costs of increasing the board rate by \$100.00 for youth over the age of 13. This is \$17.00 more than the costs estimated by the U.S. Report, but it includes young people 18-21 who are now eligible to voluntarily continue to receive board payments.

**Table 5 Youth 13+ years of age Costs for Room and Board estimates at the rate of \$629.00 a month (\$100.00 increase, (19%))**

Type of Payments	Average Monthly Amount	Number of youth	Total Cost per Category
Room and Board	\$629	285	\$179,265
Adoption Assistance	\$629	1424	\$895,696
Permanency Assistance	\$629	493	\$310,097
Higher Education	\$629	300	\$188,700
Difficulty of Care*	\$570	646	\$368,220
Voluntary 18-21	\$629	135	\$84,915
<b>TOTALS</b>		<b>2,637</b>	<b>\$1,658,673</b>

\* DOC not included in total

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. Only about 25% of the children are eligible to receive difficulty of care payments, but these costs may increase as more challenging children enter the system. The new group of youth 18 and over who may choose to remain in foster care (or go out and then in again) will be hard to predict in the early years.

It should be remembered that some resource families may also receive reimbursements for transportation costs (school bus fares, travel to `ohana time, special meetings, costs for medical care/therapy, etc.); medical treatment; group activities; special enhancement activities; respite care; child care; support groups; attending trainings and other activities approved in the rules, as well as a clothing allowance.

### POLICY RECOMENDATION

Establish a board payment from a flat rate to three age-tiered categories: 0-5, 6-12 and youth 13 and older. Increase the rates by 14%, 17% and 19% respectively based on data from the estimated annual expenditures on a child in the urban west in 2011 and the increase in the cost of living in Honolulu.

**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

Appendix 2  
Washington, D.C.

Case Management and Family Based Foster Care Services.....Attachment J.1.2  
CFSA-10-H-0016



**ATTACHMENT J.1.2**

**Foster Care Rates Effective January 1, 2010**

**Children age 11 and Under**

<b>Level</b>	<b>Daily</b>	<b>30 Day Month</b>	<b>31 Day Month</b>
I - Regular	\$30.66	\$919.80	\$950.46
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**

<b>Level</b>	<b>Daily</b>	<b>30 Day Month</b>	<b>31 Day Month</b>
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**

<b>Level</b>	<b>Daily</b>	<b>30 Day Month</b>	<b>31 Day Month</b>
I - Regular	\$30.66	\$919.80	\$950.46
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**

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 cost of raising a child in the urban south. The daily rate 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.

**Table 14.02-- REGIONAL PRICE PARITIES (RPPs), ALL ITEMS, BY STATE, AND FOR HAWAII, BY COMPONENT: 2008 TO 2012**

[RPPs measure differences in price levels of goods and services across states for a given year and are expressed as percentage of the national price level set to 100.0]

State	2008	2009	2010	2011	2012
Hawaii					
All items	117.1	115.8	115.8	116.8	117.2
Goods	106.1	106.8	107.2	107.1	107.5
Services: rents	159.3	155.0	150.4	156.9	159.0
Services: other	109.3	106.6	104.2	104.4	104.2
Alabama	90.6	90.7	90.9	87.7	88.1
Alaska	106.1	106.2	104.7	105.9	107.1
Arizona	100.4	99.7	98.6	98.4	98.1
Arkansas	89.5	89.1	89.8	87.6	87.6
California	110.7	110.6	111.1	113.4	112.9
Colorado	99.6	100.3	100.2	101.3	101.6
Connecticut	111.2	110.9	110.0	109.4	109.4
Delaware	104.0	104.5	103.6	102.4	102.3
District of Columbia	112.1	112.4	114.0	118.0	118.2
Florida	100.1	99.6	98.8	99.2	98.8
Georgia	94.5	94.2	93.8	92.1	92.0
<b>Hawaii</b>	<b>117.1</b>	<b>115.8</b>	<b>115.8</b>	<b>116.8</b>	<b>117.2</b>
Idaho	94.2	93.9	92.7	93.4	93.6
Illinois	100.2	100.6	100.6	100.9	100.6
Indiana	92.1	92.4	92.1	91.5	91.1
Iowa	89.3	89.3	89.6	89.5	89.5
Kansas	90.5	90.7	91.1	90.0	89.9
Kentucky	89.7	89.8	89.7	88.7	88.8
Louisiana	92.8	92.7	92.7	91.0	91.4
Maine	98.0	98.0	96.5	97.5	98.3
Maryland	110.4	111.5	111.2	111.5	111.3
Massachusetts	108.0	107.4	107.2	108.1	107.2
Michigan	95.8	95.6	95.3	94.5	94.4
Minnesota	96.5	96.9	96.2	97.1	97.5
Mississippi	89.4	88.7	88.9	86.9	86.4
Missouri	88.8	88.9	89.4	88.4	88.1
Montana	94.9	94.1	93.7	94.2	94.2
Nebraska	89.8	90.0	90.4	89.8	90.1
Nevada	100.3	100.4	99.6	99.4	98.2
New Hampshire	106.6	105.8	105.9	105.7	106.2
New Jersey	112.7	113.3	114.1	114.1	114.1
New Mexico	94.2	94.2	94.6	95.1	94.8
New York	114.4	114.2	114.4	115.5	115.4
North Carolina	92.6	92.7	92.3	91.5	91.6
North Dakota	88.0	87.9	88.5	89.3	90.4

Continued on next page.

**Table 14.02-- REGIONAL PRICE PARITIES, ALL ITEMS, BY STATE,  
AND FOR HAWAII, BY COMPONENT: 2008 TO 2012**

State	2008	2009	2010	2011	2012
Ohio	91.0	90.4	90.7	89.5	89.2
Oklahoma	90.7	90.9	91.1	89.6	89.9
Oregon	97.3	97.9	97.6	98.7	98.8
Pennsylvania	98.4	98.3	98.6	98.6	98.7
Rhode Island	100.8	100.7	99.9	99.5	98.7
South Carolina	91.8	92.5	92.0	90.7	90.7
South Dakota	87.6	86.5	87.7	86.8	88.2
Tennessee	91.3	91.5	91.2	90.3	90.7
Texas	97.3	97.2	97.0	96.4	96.5
Utah	96.2	96.8	96.1	96.9	96.8
Vermont	100.3	100.3	99.1	100.1	100.9
Virginia	102.0	102.7	102.5	103.1	103.2
Washington	102.3	102.7	102.0	102.9	103.2
West Virginia	89.0	89.5	90.1	88.6	88.6
Wisconsin	92.8	92.6	92.4	93.0	92.9
Wyoming	95.6	95.6	95.5	96.9	96.4

Source: U.S. Bureau of Economic Analysis, State Real Personal Income (April 24, 2014)  
<<http://www.bea.gov/iTable/iTable.cfm?ReqID=70&step=1>> accessed April 24, 2014.

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF HAWAII

PATRICIA SHEEHEY, PATRICK  
SHEEHEY, RAYNETTE AH CHONG,  
individually and on behalf of the class  
of licensed foster care providers residing  
in the state of Hawai`i;

Plaintiffs,

vs.

RACHAEL WONG, in her official  
capacity as the Director of the Hawai`i  
Department of Human Services,

Defendant.

Case No. CV13-00663 LEK-KSC

**CERTIFICATE OF SERVICE**

**CERTIFICATE OF SERVICE**

I hereby certify that, on the date and by the method of service noted below, a true and correct copy of the foregoing document was served on the following at their last known address:

**Served Electronically through CM/ECF on August 7, 2015:**

Caron M. Inagaki, Esq.:  
Donna H. Kalama, Esq.:  
Dana A. Barbata, Esq.:

caron.m.inagaki@hawaii.gov  
donna.h.kalama@hawaii.gov  
dana.a.barbata@hawaii.gov

Dated: August 7, 2015

Respectfully submitted,

By: /s/ Claire Wong Black  
VICTOR GEMINIANI  
GAVIN THORNTON  
PAUL ALSTON  
J. BLAINE ROGERS  
CLAIRE WONG BLACK  
ALAN COPE JOHNSTON  
JOSEPH K. KANADA

Attorneys for Plaintiffs



# Responses and Replies

[1:13-cv-00663-LEK-KSC Ah Chong v. McManaman](#)

U.S. District Court

District of Hawaii

## Notice of Electronic Filing

The following transaction was entered by Black, Claire on 8/7/2015 at 7:52 PM HST and filed on 8/7/2015

**Case Name:** Ah Chong v. McManaman

**Case Number:** [1:13-cv-00663-LEK-KSC](#)

**Filer:** Raynette Ah Chong  
PATRICIA SHEEHEY  
PATRICK SHEEHEY

**Document Number:** [146](#)

### Docket Text:

**CONCISE STATEMENT of Facts re [145] MOTION for Summary Judgment filed by Raynette Ah Chong, PATRICIA SHEEHEY, PATRICK SHEEHEY.**

**(Attachments: # (1) Certificate of Compliance with Word Limitation, # (2) Declaration of Claire Wong Black, # (3) Exhibit 1 2014 Legislative Testimony, # (4) Exhibit 2 2009 House Resolutions, # (5) Exhibit 3 HDHS 2009 Legislative Testimony, # (6) Exhibit 4 HDHS 2011 Legislative Testimony, # (7) Exhibit 5 HDHS 2013 Legislative Testimony, # (8) Exhibit 6 HDHS Press Release, # (9) Exhibit 7 HDHS 30(b)(6) Testimony Excerpts Highlighted, # (10) Exhibit 8 Hawaii CWS Foster Care Board Rate Projections, # (11) Exhibit 9 HDHS Response to First Interrogatories, # (12) Exhibit 10 HDHS Supplemental Response to First Interrogatories, # (13) Exhibit 11 HDHS Supplemental Response to Second Interrogatories, # (14) Exhibit 12 Chandler Testimony Excerpts Highlighted, # (15) Exhibit 13 Higashide Email Attaching State Data Book Statistics, # (16) Exhibit 14 2011 USDA Report, # (17) Exhibit 15 Email dated Dec. 22, 2013, # (18) Exhibit 16 Email dated Oct. 4, 2013, # (19) Exhibit 17 Email dated Oct. 4, 2013, # (20) Exhibit 18 Foster Care Maintenance Payment Analysis for Hawai`i, # (21) Exhibit 19 Email dated Jan. 12, 2014, # (22) Exhibit 20 Foster Board Rate Analysis for Hawai`i, # (23) Exhibit 21 Regional Price Parity Table from State Databook 2013, # (24) Certificate of Service)(Black, Claire)**

1:13-cv-00663-LEK-KSC Notice has been electronically mailed to:

Alan Cope Johnston ACJohnston@mofo.com, dgillis@mofo.com

Claire Wong Black cblack@ahfi.com, bkawagoe@ahfi.com, notice@ahfi.com

Dana A. Barbata dana.a.barbata@hawaii.gov, angelina.j.clifton@hawaii.gov,  
carol.l.nagata@hawaii.gov

Donna H. Kalama Donna.H.Kalama@hawaii.gov, renee.s.kondo@hawaii.gov

Gavin K. Thornton gavin@hiappleseed.org, gavinthornton@gmail.com

James B. Rogers brogers@ahfi.com, luehara@ahfi.com, notice@ahfi.com

Joseph K. Kanada JKanada@mofo.com

M. Victor Geminiani Victor@lejhawaii.org

Paul Alston palston@ahfi.com, notice@ahfi.com, rjkp@ahfi.com

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**Document description:**Main Document

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**Original filename:**n/a

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**Document description:**Exhibit 7 HDHS 30(b)(6) Testimony Excerpts Highlighted

**Original filename:**n/a

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**Document description:**Exhibit 8 Hawaii CWS Foster Care Board Rate Projections

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**Document description:**Exhibit 9 HDHS Response to First Interrogatories

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**Document description:**Exhibit 13 Higashide Email Attaching State Data Book Statistics

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**Document description:**Exhibit 15 Email dated Dec. 22, 2013

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**Document description:**Exhibit 16 Email dated Oct. 4, 2013

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**Document description:**Exhibit 18 Foster Care Maintenance Payment Analysis for Hawai'i

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**Document description:**Exhibit 19 Email dated Jan. 12, 2014

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**Document description:**Exhibit 20 Foster Board Rate Analysis for Hawai'i

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**Document description:**Exhibit 21 Regional Price Parity Table from State Databook 2013

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**LAURIE CHANG - Activity in Case 1:13-cv-00663-LEK-KSC Ah Chong v. McManaman Concise Statement of Facts**

---

**From:** <hid\_resp@hid.uscourts.gov>  
**To:** <hawaii\_cmecf@hid.uscourts.gov>  
**Date:** 8/7/2015 7:52 PM  
**Subject:** Activity in Case 1:13-cv-00663-LEK-KSC Ah Chong v. McManaman Concise Statement of Facts

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**U.S. District Court**

**District of Hawaii**

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**Case Name:** Ah Chong v. McManaman  
**Case Number:** [1:13-cv-00663-LEK-KSC](#)  
**Filer:** Raynette Ah Chong  
PATRICIA SHEEHEY  
PATRICK SHEEHEY

**Document Number:** [146](#)

**Docket Text:**

**CONCISE STATEMENT of Facts re [145] MOTION for Summary Judgment filed by Raynette Ah Chong, PATRICIA SHEEHEY, PATRICK SHEEHEY. (Attachments: # (1) Certificate of Compliance with Word Limitation, # (2) Declaration of Claire Wong Black, # (3) Exhibit 1 2014 Legislative Testimony, # (4) Exhibit 2 2009 House Resolutions, # (5) Exhibit 3 HDHS 2009 Legislative Testimony, # (6) Exhibit 4 HDHS 2011 Legislative Testimony, # (7) Exhibit 5 HDHS 2013**

**Legislative Testimony, # (8) Exhibit 6 HDHS Press Release, # (9) Exhibit 7 HDHS 30(b)(6) Testimony Excerpts Highlighted, # (10) Exhibit 8 Hawaii CWS Foster Care Board Rate Projections, # (11) Exhibit 9 HDHS Response to First Interrogatories, # (12) Exhibit 10 HDHS Supplemental Response to First Interrogatories, # (13) Exhibit 11 HDHS Supplemental Response to Second Interrogatories, # (14) Exhibit 12 Chandler Testimony Excerpts Highlighted, # (15) Exhibit 13 Higashide Email Attaching State Data Book Statistics, # (16) Exhibit 14 2011 USDA Report, # (17) Exhibit 15 Email dated Dec. 22, 2013, # (18) Exhibit 16 Email dated Oct. 4, 2013, # (19) Exhibit 17 Email dated Oct. 4, 2013, # (20) Exhibit 18 Foster Care Maintenance Payment Analysis for Hawai`i, # (21) Exhibit 19 Email dated Jan. 12, 2014, # (22) Exhibit 20 Foster Board Rate Analysis for Hawai`i, # (23) Exhibit 21 Regional Price Parity Table from State Databook 2013, # (24) Certificate of Service)(Black, Claire)**

**1:13-cv-00663-LEK-KSC Notice has been electronically mailed to:**

Alan Cope Johnston ACJohnston@mofo.com, dgillis@mofo.com

Claire Wong Black cblack@ahfi.com, bkawagoe@ahfi.com, notice@ahfi.com

Dana A. Barbata dana.a.barbata@hawaii.gov, angelina.j.clifton@hawaii.gov, carol.l.nagata@hawaii.gov

Donna H. Kalama Donna.H.Kalama@hawaii.gov, renee.s.kondo@hawaii.gov

Gavin K. Thornton gavin@hiappleseed.org, gavinthornton@gmail.com

James B. Rogers brogers@ahfi.com, luehara@ahfi.com, notice@ahfi.com

Joseph K. Kanada JKanada@mofo.com

M. Victor Geminiani Victor@lejhhawaii.org

Paul Alston palston@ahfi.com, notice@ahfi.com, rjkgp@ahfi.com

**1:13-cv-00663-LEK-KSC Notice will not be electronically mailed to:**

The following document(s) are associated with this transaction:

**Document description:**Main Document

**Original filename:**n/a

**Electronic document Stamp:**

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**Document description:** Certificate of Compliance with Word Limitation

**Original filename:**n/a

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**Document description:**Declaration of Claire Wong Black

**Original filename:**n/a

**Electronic document Stamp:**

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**Document description:**Exhibit 1 2014 Legislative Testimony

**Original filename:**n/a

**Electronic document Stamp:**

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**Document description:**Exhibit 2 2009 House Resolutions

**Original filename:**n/a

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**Document description:**Exhibit 3 HDHS 2009 Legislative Testimony

**Original filename:**n/a

**Electronic document Stamp:**

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**Document description:**Exhibit 4 HDHS 2011 Legislative Testimony

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**Document description:**Exhibit 5 HDHS 2013 Legislative Testimony

**Original filename:**n/a

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**Document description:**Exhibit 6 HDHS Press Release

**Original filename:**n/a

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**Document description:**Exhibit 7 HDHS 30(b)(6) Testimony Excerpts Highlighted

**Original filename:**n/a

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**Document description:**Exhibit 8 Hawaii CWS Foster Care Board Rate Projections

**Original filename:**n/a

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**Document description:**Exhibit 9 HDHS Response to First Interrogatories

**Original filename:**n/a

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**Document description:**Exhibit 10 HDHS Supplemental Response to First Interrogatories

**Original filename:**n/a

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**Document description:**Exhibit 11 HDHS Supplemental Response to Second Interrogatories

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**Original filename:**n/a

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**Document description:**Exhibit 13 Higashide Email Attaching State Data Book Statistics

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**Document description:**Exhibit 14 2011 USDA Report

**Original filename:**n/a

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**Document description:**Exhibit 15 Email dated Dec. 22, 2013

**Original filename:**n/a

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**Document description:**Exhibit 16 Email dated Oct. 4, 2013

**Original filename:**n/a

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**Document description:**Exhibit 17 Email dated Oct. 4, 2013

**Original filename:**n/a

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**Document description:**Exhibit 18 Foster Care Maintenance Payment Analysis for Hawai`i

**Original filename:**n/a

**Electronic document Stamp:**

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**Document description:**Exhibit 19 Email dated Jan. 12, 2014

**Original filename:**n/a

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**Document description:**Exhibit 20 Foster Board Rate Analysis for Hawai`i

**Original filename:**n/a

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**Document description:**Exhibit 21 Regional Price Parity Table from State Databook  
2013

**Original filename:**n/a

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**Document description:**Certificate of Service

**Original filename:**n/a

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