

Analysis of the Cost of Extending Foster Care, Guardianship Assistance and Adoption Assistance in Connecticut

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Pursant to Public Act No. 13-234, Mainspring Consulting completed a cost analysis of full implementation of the Fostering Connections to Success and Increasing Adoptions Act of 2008. The analysis includes necessary costs, federal reimbursements and off-setting savings for the Department of Children and Families to provide post-majority foster care services to all youth who:

- (1) Are at least eighteen years of age but not yet twenty-one years of age;
- (2) Were in foster care on their eighteenth birthday or exited foster care after their eighteenth birthday but wish to reenter foster care; and are
 - (A) Completing secondary education or a program leading to an equivalent credential;
 - (B) Enrolled in an institution that provides post-secondary or vocational education;
 - (C) Participating in a program or activity designed to promote employment or remove barriers to employment;
 - (D) Employed for at least eighty hours per month; or
 - (E) Incapable of participating in any of the activities described in subparagraphs A to D, inclusive, of this section due to a medical condition.

The Act requires that the analysis consider all available reimbursements as well as costs currently borne by other state agencies for serving foster youth or former foster youth through age twenty-one. Through discussion with officials from the Department of Children and Families, the Department of Mental Health and Addiction Services (DMHAS), and the Department of Developmental Services (DDS), Mainspring determined that the vast majority of young people who transfer to DMHAS and DDS after turning 18 either already receive federal Supplemental Security Income (SSI) benefits or are enrolled to receive SSI benefits shortly after transferring to those systems. Because these young people are already receiving federal reimbursement through SSI, DCF leadership decided not to include the costs and reimbursements borne by DMHAS and DDS in the analysis. Rather, the young people who transfer to these systems were removed from the projections of the numbers of young adults who would stay in extended foster care. This was based on consideration of the following factors:

- Young people who receive SSI benefits are not Title IV-E eligible;
- By accessing SSI, DMHAS and DDS are already drawing down federal funds; and
- Meeting federal regulations in order to draw down Title IV-E funds for young people being served by sister agencies would create significant new administrative burden for DCF, DMHAS, and DDS.

The analysis includes the costs and reimbursements associated with extended guardianship assistance, extended adoption assistance, and extended foster care to all five eligibility categories of young people to age 21.

Extended Guardianship Assistance

The Administration for Children and Families' Program Instruction ACYF-CB-PI-10-11 regarding the Fostering Connections to Success and Increasing Adoptions Act of 2008 requires states that extend foster care to age 21 with Title IV-E reimbursement to also extend guardianship and



adoption subsidies to age 21 for those young people who achieve permanence through adoption or guardianship at age 16 or after and meet eligibility criteria.

To determine the costs of **extending guardianship assistance** for young people up to age 21, Mainspring reviewed historical data on the number of 16 and 17 year olds who exited care to guardianship placements and projected the numbers of young adults who would be eligible for extended guardianships. The guardianship extension only has to be offered to those guardianships that qualify for the federal guardianship assistance program, so estimates only included the 45 percent of all guardianships in Connecticut that meet federal requirements for guardianship assistance. In 2014, the total projected new cost for extended guardianship is \$154,260 and the projected draw down in new Title IV-E revenue \$77,130 for a total of **\$77,130 in new net costs to the state**. By 2016, the total projected costs to the state, net of new Title IV-E revenue, is approximately \$294,000 due to increasing numbers of young people becoming eligible for subsidy. Thereafter, only minor increases in cost are expected (see Table 1).

Table 1: Projected Costs and Revenues for Extended Guardianship Assistance

	2014	2015	2016	2017	2018
Estimated Cost	\$154,260	\$262,242	\$588,471	\$600,240	\$612,245
Estimated Annual Title IV-Revenue*	\$77,130	\$131,121	\$294,236	\$300,120	\$306,123
New Net State Costs	\$77,130	\$131,121	\$294,236	\$300,120	\$306,123

* Since this analysis assumes that the extension will only be made available to guardianships eligible for the federal guardianship assistance program, IV-E revenue is calculated by applying the federal matching rate (FMAP) of 50% to the total cost. It is not necessary to apply a IV-E penetration rate.

Extended Adoption Assistance

To determine the costs of **extending adoption assistance** for young people up to age 21, Mainspring reviewed historical data on the number of 16 and 17 year olds who exited care to adoption, and projected the numbers of young adults who would be eligible for extended adoption assistance. In 2014, the total new projected costs for extending adoption assistance is \$195,192 and the projected draw down in new Title IV-E revenue is \$73,099 for a total of **\$122,093 in new net costs to the state**. By 2017, the total new costs to the state, net of new Title IV-E revenue, is estimated to be approximately \$383,000 due to increasing numbers of young people becoming eligible for subsidy. Thereafter, only minor increases in cost are expected (see Table 2).

Table 2: Projected Costs and Revenues for Extended Adoption Assistance

	2014	2015	2016	2017	2018
Estimated Cost	\$195,192	\$395,072	\$527,886	\$614,867	\$627,104
Estimated Annual Title IV-Revenue*	\$73,099	\$149,078	\$198,817	\$231,391	\$235,974
New Net State Cost	\$122,093	\$245,994	\$329,069	\$383,476	\$391,130

*Estimated IV-E revenue is calculated based on Connecticut's adoption penetration rate of 0.749 (indicating 74.9% of adoptions are eligible for federal IV-E reimbursement) and the federal matching rate (FMAP) for Connecticut of 50%.



Extended Foster Care

Costs and Revenues with Existing State Policy

Under existing state law, Connecticut offers placement and case management to young adults up to age 21 who meet three of the eligibility categories included in Fostering Connections: 1) those who are completing secondary education or an equivalent degree; 2) those enrolled in postsecondary or vocational education; and 3) those enrolled in approved programs designed to reduce barriers to employment. Connecticut passed legislation in the 2013 legislative session opting into Fostering Connections for these eligible populations, enabling the state to draw down federal revenue for the population they were already serving with extended education, case management and placement supports.

Based on the eligibility criteria included in the 2013 legislation extending care, Mainspring projected the cost of extended foster care for young adults up to age 21 for fiscal years 2014 - 2018. Cost projections began with historical data on the number of young adults opting to stay in care ages 18 -21, the distribution of those young people across placement settings, and the projected cost of each placement type. Costs for wraparound and supportive services were also included. Revenue to offset costs includes federal Title IV-E revenue, as well as existing state expenditures (based on FY 12 expenditures) for maintenance, supportive services, case management and administrative reviews.

The total number of days of placement for young people in extended foster care was estimated using logarithmic regression analysis. Table 3 shows the projected costs, and the existing state and new federal revenues to offset those costs. The new federal IV-E revenue to match existing state expenditures will result in a projected **\$19 million in net revenue gain in 2014**.

Table 3: Projected Costs and Revenues for Extended Care Under Existing State Policy

	2014	2015	2016	2017	2018
Total Placement Costs	\$44,360,078	\$45,430,734	\$46,504,763	\$47,585,322	\$48,675,499
Total Case Management Costs	\$5,386,242	\$5,516,269	\$5,646,647	\$5,777,847	\$5,910,273
Total Administrative Review Costs	\$384,342	\$393,620	\$402,923	\$412,285	\$421,735
Total Wraparound/ Supportive Services Costs	\$14,703,156	\$14,997,219	\$15,297,164	\$15,603,107	\$15,915,169
TOTAL COSTS	\$64,833,818	\$66,337,842	\$67,851,496	\$69,378,560	\$70,922,676
Estimated Annual Title IV-E Revenue	\$22,558,798	\$23,103,280	\$23,649,450	\$24,198,954	\$24,753,378
Existing State Expenditures	\$61,404,759	\$61,404,759	\$61,404,759	\$61,404,759	\$61,404,759
NEW NET STATE COST	-\$19,129,739	-\$18,170,197	-\$17,202,712	-\$16,225,152	-\$15,235,461

Costs and Revenues with Expanded Eligibility for Extended Care

To help state leaders consider whether they would like to create new state policy to serve all young adults who could be eligible for extended foster care under the Fostering Connections Act, the analysis estimates the state's new costs and revenues associated with providing extended foster care **to all five categories of eligible youth** under Fostering Connections. To determine the costs of expanding the extension of foster care in Connecticut to those who are employed or who are medically unable to participate in employment or education and training activities, Mainspring had to estimate how many more young adults would be served with the addition of these two eligibility categories. Leaders from the Department of Children and Families reviewed historical data with Mainspring consultants and provided direction on the assumptions that should be made to project how many more young people beyond 18 would be served with the expansion of eligibility criteria.

In SFY12, 661 young people in foster care in Connecticut turned 18. Based on discussions with leaders at the Department of Children and Families, the analysis includes two sets of assumptions regarding how many young people would stay in care if Connecticut extended foster care to all five categories of eligible youth:

- 1) Assumes that with the additional two eligibility categories 100% of young people projected to turn 18 in foster care will remain in foster care until their 19th birthday, 90% of young people projected to turn 18 in foster care will be in foster care from age 19 to their 20th birthday, and 80% will be in care from age 20 - 21. These are very high uptake rates, which are meant to help Connecticut leaders understand the maximum cost that could be associated with a policy change, though actual costs would likely be lower;
- 2) Assumes that with the additional two eligibility categories 80% of young people projected to turn 18 in foster care will remain in foster care until their 19th birthday, 65% of young people projected to turn 18 in foster care will be in foster care from age 19 to their 20th birthday, and 55% will be in care from age 20 - 21. These uptake rates are more in line with the experience of states that have implemented extended care, which have experienced uptake rates ranging from 25 – 80%.

Applying the above assumptions, in 2014, the costs associated with adding the two eligibility criteria are projected to be \$156 million with the higher uptake assumptions. These costs would be matched with a projected \$51 million in federal IV-E revenue for a projected **new net cost of \$105 million**. The projected costs with the lower uptake assumptions are \$112 million in 2014, with \$32 million in new IV-E revenue for a **new net cost of \$80 million** (See Table 4).

Table 4: Projected Costs and Revenues for Expanding Eligibility for Extended Foster Care

Extending Foster Care to 21 for the Five Eligibility Categories allowed under Fostering Connections beginning in 2014 – Costs with Uptake Assumptions 1 – Higher Uptake Rates (100% at 18, 90% at 19, 80% at 20)					
	2014	2015	2016	2017	2018
Estimated Additional Costs with the Addition of 2 Eligibility Categories	\$155,616,420	\$161,893,656	\$168,138,736	\$174,194,819	\$180,000,637
Estimated New Title IV-E Revenue	\$51,027,534	\$53,472,293	\$55,894,981	\$58,224,870	\$60,434,233
FOSTER CARE NEW NET STATE COST	\$104,588,886	\$108,421,363	\$112,243,755	\$115,969,949	\$119,566,404

Extending Foster Care to 21 for the Five Eligibility Categories allowed under Fostering Connections beginning in 2014 – Cost with Uptake Assumptions 2 – Lower Uptake Rates (80% at 18, 65% at 19, 55% at 20)					
Estimated Additional Costs with the Addition of 2 Eligibility Categories	\$112,411,426	\$116,845,272	\$121,186,280	\$125,446,440	\$129,972,490
Estimated New Title IV-E Revenue	\$31,585,287	\$33,200,521	\$34,766,376	\$36,288,100	\$37,921,567
FOSTER CARE NEW NET STATE COST	\$80,826,139	\$83,644,751	\$86,419,904	\$89,158,340	\$92,050,923

Projecting Total Costs for Connecticut to Extend Eligibility for Title IV-E Programs

Table 4 summarizes the total fiscal impact associated with extending Title IV-E eligibility across all five eligibility categories allowed under the Fostering Connections Act for all three program areas detailed above: extended foster care, extended guardianships, and extended adoptions. Estimated new net costs for Connecticut range from \$61.9 million to \$85.7 million in 2014 depending on the assumptions regarding the number of young adults who would be eligible and opt to stay in foster care. Based on the experience of other states with extended care, the \$61.9 million is likely a more accurate projection with the \$85.7 million representing the maximum amount extended foster care could cost. This investment would enable Connecticut to provide critical supports and services to young adults in care at age 18 until age 21. It would also draw down significant federal revenue to support these services.

Table 4: Summary of Fiscal Analysis of Extending Title IV-E Eligibility to 21

Programs	2014	2015	2016	2017	2018
ADOPTION NEW NET STATE COST	\$122,093	\$245,994	\$329,069	\$383,476	\$391,130
GUARDIANSHIP NEW NET STATE COST	\$77,130	\$131,121	\$294,236	\$300,120	\$306,123
FOSTER CARE - Current Policy – 3 Eligible Categories - NET REVENUE GAIN	-\$19,129,739	-\$18,170,197	-\$17,202,712	-\$16,225,152	-\$15,235,461
FOSTER CARE EXPANSION: ASSUMPTION 1 - HIGHER UPTAKE – NEW NET STATE COST	\$104,588,886	\$108,421,363	\$112,243,755	\$115,969,949	\$119,566,404
FOSTER CARE EXPANSION: ASSUMPTION 2 – LOWER UPTAKE – NEW NET STATE COST	\$80,826,139	\$83,644,751	\$86,419,904	\$89,158,340	\$92,050,923
TOTAL NEW NET STATE COST WITH ASSUMPTION 1	\$85,658,370	\$90,628,281	\$95,664,348	\$100,428,393	\$105,028,196
TOTAL NEW NET STATE COST WITH ASSUMPTION 2	\$61,895,623	\$65,851,669	\$69,840,497	\$73,616,784	\$77,512,715