



CWDA

April 17, 2008

To: Honorable Patty Berg,
Chair, Assembly Budget Subcommittee No. 1

Honorable Members, Assembly Budget Subcommittee No. 1

From: Frank J. Mecca, Executive Director

RE: LAO Analysis on Adoption Assistance Payments—CONCERNS

The County Welfare Directors Association of California (CWDA) has concerns with the reforms proposed by the Legislative Analyst's Office (LAO) in the Adoption Assistance Payment (AAP) program. We believe the changes proposed would result in fewer foster families willing to adopt foster children. This would lead to poor performance in California's adoption outcomes, which could result in federal fiscal penalties. Ultimately, such changes could prevent children from finding a permanent, loving home with an adoptive family.

AAP is a critical program that helps foster families assume a permanent parenting role for many special needs foster children. We agree with the LAO that costs in the program have increased significantly, but we believe there are other cost-containing approaches that the Legislature may wish to consider that would be less onerous on families while addressing some of the LAO concerns.

LAO Proposal Could Chill Adoptions

We are most concerned with the LAO proposal to cap the amount of the AAP grant at 75 percent of the basic foster care rate, eliminate age-based grant increases and limit eligibility criteria for the AAP. We believe such a proposal would effectively reduce the number of foster families willing to adopt foster children.

Currently, foster families willing to adopt are eligible for an AAP equal to the basic foster care rate, plus any specialized care increment received on behalf of the child. This 'SCI' is paid on behalf of foster children who require specialized care due to health and/or behavioral needs. The basic foster care rate is intended to cover just the basic costs of caring for a child—shelter, utilities, food, transportation and incidentals. As CWDA has stated in our prior letters concerning foster care rates, these rates are woefully inadequate. California's cost of living, including costs for food, clothing, shelter and transportation, have risen dramatically over the past seven years. In the meantime, foster care rates have moved in the opposite direction.

AAP is intended to provide an incentive for foster families to adopt their foster children. Federal law allows states to set AAP rates, up to the maximum amount of maintenance payment the child would have received while in foster care. Federal law prohibits “means testing” for AAP and requires rates to be established by discussion and negotiation between the agency and families and based upon the needs of the child and the circumstances of the family. “Circumstances of the family” means the family’s ability to incorporate the child into the household in relation to lifestyle, standard of living, and capacity to meet the ordinary and special needs of the foster child over an extended period of time based on anticipated needs.

AAP provides foster parents an incentive to adopt foster children. As any parent knows, raising a child is costly. The costs of caring for foster children can be overwhelming for parents as many have special needs due to their abuse and neglect. Foster children often have mental health needs, and for many, these become manifest over time through behavioral outbursts requiring counseling and support. Foster children may lag behind their peers in educational achievement and require tutoring and mentoring. Some are born medically-fragile due to prenatal drug exposure and require special medical services as well as additional care and supervision.

As we noted earlier, the AAP rate – which equals the foster care rate – is inadequate to cover the basic costs of care and supervision for adopted foster children. Compounding this problem is the fact that California lacks any comprehensive post-permanency supports and services for adoptive families. For example, children adopted from foster care often experience mental health issues that become manifest in the teen years through acting out and other behavioral problems. While the child may have access to mental health services through Medi-Cal, adoptive families often need support and counseling as well.

The ultimate effect of the LAO proposal will reduce the number of foster children who are adopted in California. This will reduce the likelihood of foster children who will achieve permanency through adoption with stable, long-term loving families. Such policy may cause children to linger in foster care and ultimately hurts foster children.

LAO Proposal Could Ultimately Result in Higher Costs

When children linger in foster care, it costs the state and counties considerably more to care and supervise foster children. Costs including regular case management by social work staff, court hearings, increased medical, dental and mental health services, and cost for board and care.

In addition, California like all other states must show improvement in meeting federal performance measures in child welfare. Currently the State is appealing a proposed \$8.9 million federal fiscal penalty as a result of failure to meet all required outcomes in its first federal review. The state just completed its second federal review and again will be required to improve performance or face fiscal penalties up to approximately \$80 million. Although California is performing relatively well in timeliness of adoptions, any policy changes in this area could reverse this positive trend and expose the state to federal fiscal penalties.

Other Alternatives Should Be Considered

The Legislature should consider other alternatives that include a more balanced approach to slowing the growth in AAP while encouraging adoption of foster children, ensuring adoptive families receive the supports they need post-adoption. Some considerations may include:

- **Incentives to defer AAP:** Adoptive families who are eligible for an AAP payment may elect to “defer” their payment, meaning they can opt to not take the payment immediately but may access their AAP later when needed by the family. One option can be to create a type of “Individual Savings Account” for the child – where a fixed amount of funding is available to the adoptive family and available when the child reaches 18 years of age which grows with interest and can be used to fund emancipation expenses, such as a new car, housing, or tuition and board for college.
- **Create a robust post-permanency support system:** Adoptive families need services and supports to maintain the adoption of their foster children. By offering additional post-permanency services, such as family counseling and support groups, tutoring and other educational services, and information and referral, for example, this will serve as an additional resource to families and put less pressure on the AAP to cover such expenses.

Thank you for your consideration of our concerns. CWDA welcomes an opportunity to work with the LAO and Legislature to address any concerns in the AAP program and to identify strategies that will promote adoption and permanency for foster children with stable, loving families.

cc: Nicole Vasquez, Consultant, Assembly Budget Committee
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