

Issue Brief – Adoption Growth

DIVISION OF CHILD AND FAMILY SERVICES

NUMBER DHS-07-17

ADOPTION GROWTH

Each year the Division of Child and Family Services (DCFS) places approximately 400 children with adoptive families of which 330 receive monthly subsidies. Children in foster care longer than 15 months without a permanency plan are in violation of State and Federal guidelines. These children usually have special needs because of neglect, abuse or disabilities requiring intensive treatment to assimilate into a stable family setting. Parents who adopt children with special needs that were in state custody require financial assistance to help with the medical and psychological treatment costs. DCFS is requesting an appropriation of \$877,300 with \$609,600 from General Funds, \$44,400 from federal funds and \$223,300 from non-lapsing balances.

OBJECTIVE

The goal of adoption assistance for adoptive parents of children in state custody is to promote successful adoptions and ensure children to remain in an adoptive home.

DISCUSSION AND ANALYSIS

Adoption assistance is less costly for the state than foster care. Adoption assistance averages about \$3,384 per year while foster care costs about \$30,000 per year. If the child's parents' rights have been terminated by the court, DCFS tries to move the child from foster care to an adoptive situation as soon as possible.

I. Methods of Funding Adoptions

The adoption assistance funding for children with special needs is comprised of three components: non-recurring adoption assistance, supplemental special (medical assistance) and monthly subsidies.

Non-recurring Adoption Assistance

Non-recurring adoption assistance is historically funded for one-time expenditures for legal fees. Under section 62A-4a-904 (1) (a) (i) of the Utah Code which states, "The Division of Child and Family Services **shall** provide for payment of non-recurring adoption expenses for an eligible child who has special needs;"

Medical Assistance

Medical assistance is historically funded for expenditures for supplemental medical treatment. In addition, section 62A-4a-904 (1) (a) (ii) states, the Division of Child and Family Services **shall** provide ...state medical assistance when required by law."

Monthly Subsidies

Monthly subsidies for basic maintenance of adopted children (limited to the monthly maintenance cost for children in foster care) have been historically funded by the Legislature. Under section 62A-4a-904 (1) (b) of the Utah Code states, "The Division of Child and Family Services **may** provide for monthly subsidies for an eligible child who has special needs."

II. Factors Driving Cost Increases

Several factors are driving the costs of the subsidized adoption program: the growth in adoptions, the increase in the number of children not eligible for federal Title IV-E reimbursements, and the increase costs of "carve outs".

Growth in Adoptions

As the population of the State increases and the incidence of substance abuse continue to grow, the Division of Child and Family Services (DCFS) is seeing a significant increase children in foster care and relinquishment of parent rights. Approximately 80 percent of all children in foster care have one or both parents with a substance abuse problem. The most significant increase is drug abuse in women. Currently, there are 1,234 women in substance abuse treatment programs with dependent children. In FY 1997, there were a total of 1,061 adopted children whose families receive some kind of subsidy. In FY 2005, that number reached 3,194.

Increase in Non-Eligible Title IV-E Children

Title IV-E is a federal program under the Social Security Act that provides reimbursements to states for the costs of children placed in foster care under a court order. There are two criteria for determining federal reimbursement: “1) eligibility and 2) reimbursability.” The reduction in the percentage of adopted children eligible for federal Title IV-E funding changed from over 73% to about 70% in FY 2005. This means the State has to pick up a greater share of the program cost. From FY 2000 to FY 2005, the number of non-IV-E eligible adopted children receiving monthly subsidies went from 425 to 994.

Increase Cost of “Carve Outs”

Recently, the State changed the policy for mental health coverage for adopted children from State custody. Prior to 2003, these children were required to receive mental health services through the “capitated” local public mental health centers. The 2002 Legislature allowed these children to be “carved out” of the “capitated” system and could obtain services from any available Medicaid provider. This has significantly raised the cost of mental health services. In FY 2004, the Health Department began billing the Division for the match for Medicaid services for these “carved out” children. At the end of FY 2005, 272 children had been “carved out” (a 42 % increase over the previous year).

LEGISLATIVE ACTION

It is the recommendation of the Analyst that the base budget be increased by \$877,300. Included in the recommendation is the following plan of financing: \$609,600 from General Funds (\$25,500 for non-recurring adoptions and medical assistance and \$584,100 for monthly subsidies); \$44,400 from federal funds and \$223,300 from beginning non-lapsing balances.