



TO: Senator Kathy W. Stein
Kentucky State Senate, District 13

FROM: Naomi G. Goldberg and M.V. Lee Badgett, Ph.D.
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RE: Kentucky Senate Bill 68 Cost Estimate

This memo estimates the impact on children and the cost to the State of Kentucky of Senate Bill 68, “The Child Welfare Adoption Act,” which would prohibit unmarried cohabiting couples—including both different-sex couples and same-sex couples—from fostering or adopting children. The proposed legislation does not apply to children already placed for adoption. We use past data to estimate the number of children in foster care who were placed with unmarried couples as a way to estimate the number of impacted children in the first year the proposed legislation would take effect.

Prohibiting unmarried couples from fostering or adopting would reduce the number of foster and adoptive families available to care for the 7,027 children currently in foster care. We estimate that 630 foster children will be removed from their current homes and placements during the first year that the ban is in effect. In addition, 85 children in foster care will either not be adopted or remain in foster care longer because the ban will prohibit their adoption by unmarried couples.

As a result, the ban will cost the State of Kentucky over \$5.3 million in the first year. As explained below, this estimate is conservative since some likely additional costs are difficult to quantify.

Estimated Costs for Year 1

	<i>Estimated Cost (\$)</i>
Children Displaced from Nonrelative Foster Care	
Recruitment and Training of Additional Foster Homes	1,000,000
Foster Care Costs	3,600,000
Children Displaced from “Kinship” Foster Care	
Recruitment and Training of Additional Foster Homes	87,000
Foster Care Costs	310,000
Children Displaced from “Pre-Adoptive” Homes	
Recruitment and Training of Additional Foster Homes	29,600
Foster Care Costs	89,000
Children Not Adopted	
Recruitment and Training of Additional Adoptive Homes	209,000
Total Cost	\$5.3 million

I. Estimated Number of Children in Foster Care Displaced by Prohibiting Unmarried Couples from Fostering and Associated Costs to the State

To estimate the number of children impacted by prohibiting unmarried couples from fostering and adopting, we rely upon the data from the Kentucky Department for Community Based Services (DCBS) and the American Community Survey (2005-2007) of U.S. households, conducted by the U.S. Census Bureau.

As of February 1, 2009, there were 7,027 children receiving “out of home care” foster care services through DCBS.ⁱ Some of these children were placed with one of 3,663 licensed foster homes,ⁱⁱ while others were placed in pre-adoptive homes, congregate care, shelters, or residential centers.

According to figures from DCBS, of the 7,027 children in foster care, 71.9% (5,053) were placed in nonrelative foster care, while another 6.3% (440) were placed in “kinship” foster homes with a relative, and 2% (143) were placed in a pre-adoptive home.ⁱⁱⁱ The remaining children were placed in residential facilities, therapeutic foster facilities, or other care settings.

A. Impact on Children in Nonrelative Foster Care

Number of Children Impacted: Using data from the American Community Survey, we estimate what proportion of nonrelative foster children reside with the following couple types in the United States: married different-sex couples, same-sex couples, unmarried different-sex couples, and single individuals. Because the sample sizes of foster children in the American Community Survey are very small in most states, we use national figures in this report. Applying the national percentages to the nonrelative foster children in Kentucky, we estimate the number of foster children living with each couple type in Kentucky.

Proposed legislation would deem unmarried, cohabiting different-sex couples and same-sex couples ineligible to serve as foster parents. As Table 1 reflects, 11.1% of the foster children living in nonrelative care are placed with unmarried cohabiting couples. New foster homes would be needed for these children. Applying that percentage to all children entering the foster care system, we estimate 565 children would be removed from their current placement with an unmarried couple and would need a new foster home.

Table 1: Nonrelative Foster Care

<i>Couple Type</i>	<i>% of Foster Children Residing (U.S. Estimates)</i>	<i>Estimated # of Foster Children in Kentucky</i>
Married, Different-Sex Couples	60.2%	3,040
Unmarried, Different-Sex Couples (cohabiting)	10.1%	511
Same-Sex Couples	1.1%	54
Single Individuals	28.7%	1,448

Added recruitment costs: We can estimate the cost to the state of finding new foster homes for the children who are currently being fostered by unmarried cohabiting couples. To determine the cost to the State, we multiply the average cost of recruiting each new home by the number of homes that will be needed to place these children.

In 2006, there were 570 new licensed foster and adoptive homes.^{iv} During this same period, Kentucky spent \$1,959,100 on foster and adoptive parent recruitment and training.^v Using these figures, we estimate that Kentucky spent an average of \$3,437 for each new home.¹

The State would have several options for placing the children who would have been fostered by unmarried cohabiting couples. The State could recruit and train new foster homes for the 565 children displaced from in-home care. Alternatively, the State could place all the children in congregate care settings. Most likely, however, given the on-going search for more foster homes,^{vi} the State will be able to find new nonrelative placements for some children, and the remaining children will be placed in congregate care facilities. Current placement rates show that 71.9% of children are placed in nonrelative foster care.^{vii} We assume that 71.9% of the displaced children are placed in newly recruited foster homes and the remainder are placed in congregate care facilities. As a result, 406 children would be placed in nonrelative foster care, while the remaining 159 would be placed in congregate care facilities.

As of January 2008, there were 3,663 licensed foster homes for 5,053 children in nonrelative foster care, suggesting an average of 1.4 children per foster home at any given time.² Using the average number of children in each foster home, we estimate that placing 406 children in new nonrelative foster homes will require the state to recruit 291 new foster homes.

By multiplying the cost to recruit a new foster or adoptive home by the total number of new homes needed, we estimate that the state would spend approximately \$1.0 million to recruit new homes. Given that all foster parents receive monthly payments per child based upon the age and needs of the child, there would be no additional cost related to the ban in terms of monthly payments if each child were simply placed in a new foster family home.

Higher costs for children placed in congregate care: Given the shortage of eligible foster parents,^{viii} however, some of the displaced children will be placed in congregate care facilities. A previous report using data from the Adoption and Foster Care Analysis and Reporting System found that congregate care for one child costs the State of Kentucky an average of \$22,417 more per year than care in a foster home.^{ix} Again, using current placement rates, we assume that those children not placed in foster homes will be placed in congregate care facilities, suggesting that the remaining 159 children would be placed in congregate care facilities. Multiplying the additional cost to the state for congregate care per child per year by this number of children, we estimate that the state would spend \$3.6 million for one year of care. We assume that these children will likely remain in congregate care for at least one year, given that the average stay in foster care is more than two years (25.5 months).^x

¹ This figure was calculated by dividing the total amount spent by the State in 2006 by the total number of new foster and adoptive homes in 2006.

² The number of children in licensed foster homes was divided by the number licensed foster homes yielded the number of children in a foster home at any given time.

B. Impact on Children in Kinship Foster Care

Number of Children Impacted: As of February 1, 2009, an additional 6.3% of foster children in Kentucky were living in kinship foster homes with a relative.^{xi} Children living in kinship foster homes with relatives are not identifiable using the ACS, so we do not have an estimate of what proportion of children living in kinship foster homes live with married versus unmarried cohabiting couples. However, applying the same percentages as the nonrelative foster homes to the number of foster children in kinship foster care, we estimate that 49 children live with unmarried cohabiting couples and same-sex couples (See Table 2). Thus prohibiting unmarried couples in Kentucky from fostering and adopting would displace an additional 49 children who would otherwise be fostered by relatives.

Table 2: Kinship Foster Care

<i>Couple Type</i>	<i>% of Foster Children Residing (U.S. data)</i>	<i>Estimated # of Foster Children in Kentucky</i>
Married, Different-Sex Couples	60.2%	265
Unmarried, Different-Sex Couples (cohabiting)	10.1%	44
Same-Sex Couples	1.1%	5
Single Individuals	28.7%	126

Added Recruitment and Care Costs: Using the assumptions described above, we estimate that 35 children will be placed in new foster homes and 14 children will be placed in congregate care facilities. Recruiting these homes would cost \$87,100, and one year of congregate care for the remaining children would cost the State \$309,800.

C. Impact on Children Living in Pre-Adoptive Foster Homes

Number of Children Impacted: As of February 1, 2009, 2.0% of foster children in Kentucky were living in “pre-adoptive” homes.^{xii} Applying the same percentages as the nonrelative foster homes to both the number of foster children in kinship foster care, we estimate that 16 children live with unmarried cohabiting couples and same-sex couples in pre-adoptive homes (See Table 3). Thus prohibiting unmarried couples in Kentucky from fostering and adopting would displace an addition 16 children who currently are placed in pre-adoptive foster homes.

Table 3: Pre-Adoptive Foster Care

<i>Couple Type</i>	<i>% of Foster Children Residing (U.S. data)</i>	<i>Estimated # of Foster Children in Kentucky</i>
Married, Different-Sex Couples	60.2%	86
Unmarried, Different-Sex Couples (cohabiting)	10.1%	14
Same-Sex Couples	1.1%	2
Single Individuals	28.7%	41

Added Recruitment and Care Costs: Using the assumptions described above, we estimate that the State would need to recruit 9 new homes to place these children. Recruiting these homes would cost \$29,600 and the cost of congregate care for one year for the remaining children would cost \$89,000.

II. Estimated Number of Children Displaced from Adoptive Homes by Prohibiting Unmarried Couples from Adopting and Cost to the State

The state would incur additional costs from the ban on unmarried couples from adopting since some children would not be adopted as quickly from foster care, if adopted at all. This report focuses solely on the children who are adopted from DCBS, and it does not take into consideration children adopted in Kentucky through private adoption agencies.

According to figures from DCBS, the so-called “permanency goal,” or the planned goal, for many of the children in foster care is to return to their parents (53%). Permanency goals for the remaining children include emancipation (8.5%) and adoption (30%). In FY 2008, 759 children were adopted from DCSB.^{xiii} On average, children are in DCBS care for 29.4 months (more than 2 years) before being adopted.^{xiv}

Number of Children Impacted: To estimate the number of children in DCBS who are being adopted by unmarried couples, we assume that the same percentage of children are being adopted by unmarried couples as are being fostered by unmarried couples. We base this assumption on the fact that most children adopted from the foster care system are adopted by their foster parents; for example, in FY 2007, 88.9% of the 704 adoptions from foster care were by foster parents.^{xv} As such, we estimate that approximately 85 children were adopted by unmarried cohabiting couples and same-sex couples. These couples would not be eligible to adopt under the recently passed ban.

Added Recruitment and Care Costs: Using the assumption from above, we estimate the state would need to recruit 61 new foster or adoptive families to place these 85 children. We estimate that it would cost the state \$209,000 to recruit and train replacement adoptive parents for the children who could have been adopted by unmarried cohabiting couples.

Potential Loss of Federal Funds: Kentucky, like all other states, may receive funding from the federal government if the state meets or exceeds its goal of adoptions from the foster care system in a given year. By reducing the number of prospective adoptive families, Kentucky risks cuts to this funding. Incentive payments for reaching adoption goals range from \$4,000 to \$6,000 for each adoption beyond the previous year's numbers. Foster parents are often seen as the most likely place to look for potential adoptive parents. If unmarried cohabiting couples are prohibited from serving as foster parents and adoptive parents, reaching or surpassing previous years' adoptions will be more difficult and the state may lose federal incentive payments. Some portion of the 85 children who would not have been adopted may have qualified for the federal funding. As a result, Kentucky could stand to lose up to \$510,000 in adoption subsidies, if all 85 children are eligible. This potential loss of funds is not included in this cost estimate, however, because the number of adoptions from foster care in Kentucky has been declining (862 in 2005, 724 in 2006, and 704 in 2007).^{xvi}

Additional Costs Associated with a Reduction in Adoptions from Foster Care: Direct care and recruitment costs are only a portion of what the State may spend on child welfare when a child remains in foster care instead of being adopted. While additional costs are more difficult to estimate, they could be substantial, suggesting that the estimates here are conservative. A recent North Carolina study has attempted to estimate these costs:^{xvii}

- **Court and Legal Costs:** Ongoing court and related legal costs for foster children have been estimated to be \$1,000 per year.
- **Multiple Placements:** Foster children are often moved from one placement to another. There are costs to the state associated with such moves, although estimates are difficult to obtain.
- **Administrative and Personnel Costs:** \$2,000 per year per foster youth has been suggested as a conservative estimate for the salary of a caseworker, as well as the additional administrative costs borne by the department.
- **Independent Living Costs:** Older foster children are entitled to access special programming to assist with the transition to independent living. Using national data, a recent study suggested that these services cost approximately \$6,000 per foster child who participates from ages 14 through 21.
- **Healthcare Costs:** Children in foster care are very likely to utilize Medicaid services, while those who are adopted are much more likely to be covered by private health insurance. Average medical costs for a foster child are estimated to be \$1,850 per year.

Conclusion

Senate Bill 68, "The Child Welfare Adoption Act," would reduce the number of foster and adoptive families available to care for the 7,027 children currently in foster care. We estimate that approximately 630 foster children would need new homes and that 85 children who would have been adopted would remain in foster care. In the first year the proposed ban would be in effect, we estimate that it would cost the State of Kentucky over \$5.3 million in foster and adoptive home recruitment cost and additional care costs.

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- ⁱ Kentucky Department of Community Based Services, Foster Care FACTS, February 1, 2009, <http://chfs.ky.gov/NR/rdonlyres/5FB47B03-F82A-4CE3-A082-15F4E6BB6161/0/TFSM001FosterCareFACTSStatewideFebruary2009.pdf>.
- ⁱⁱ Kentucky Department of Community Based Services, “KY CFSR Self Assessment,” May 5, 2008, pg 204, <http://chfs.ky.gov/nr/rdonlyres/3885d048-da94-4627-a1ac-3f5b7792ef08/151868/07cfsrsection5strengthsneedsassessment5908.doc>
- ⁱⁱⁱ Kentucky Department of Community Based Services, Foster Care FACTS, February 1, 2009, <http://chfs.ky.gov/NR/rdonlyres/5FB47B03-F82A-4CE3-A082-15F4E6BB6161/0/TFSM001FosterCareFACTSStatewideFebruary2009.pdf>.
- ^{iv} Kentucky Cabinet for Health and Family Services, “Commonwealth of Kentucky FY 2007 Annual Progress and Services Report,” June 2007, http://basis.caliber.com/cwig/ws/cwmd/docs/cb_web/SearchForm.
- ^v National Council for Adoption, *Adoption Advocate*, No. 006, September 2007, <http://www.adoptioncouncil.org/resources/documents/AdoptionAdvocateVol6.pdf>.
- ^{vi} Kentucky Department of Community Based Services, “KY CFSR Self Assessment,” May 5, 2008, pg 204, <http://chfs.ky.gov/nr/rdonlyres/3885d048-da94-4627-a1ac-3f5b7792ef08/151868/07cfsrsection5strengthsneedsassessment5908.doc>
- ^{vii} Kentucky Department of Community Based Services, Foster Care FACTS, February 1, 2009, <http://chfs.ky.gov/NR/rdonlyres/5FB47B03-F82A-4CE3-A082-15F4E6BB6161/0/TFSM001FosterCareFACTSStatewideFebruary2009.pdf>.
- ^{viii} Kentucky Cabinet for Health and Family Services, “Commonwealth of Kentucky FY 2007 Annual Progress and Services Report,” June 2007, http://basis.caliber.com/cwig/ws/cwmd/docs/cb_web/SearchForm.
- ^{ix} Gates, Gary J., M.V. Lee Badgett, Jennifer Ehrle Macomber, and Kate Chambers. “Adoption and Foster Care by Gay and Lesbian Parents in the United States,” *The Williams Institute*, March 2007, <http://www.law.ucla.edu/williamsinstitute/publications/FinalAdoptionReport.pdf>.
- ^x Kentucky Department of Community Based Services, Foster Care FACTS, February 1, 2009, <http://chfs.ky.gov/NR/rdonlyres/5FB47B03-F82A-4CE3-A082-15F4E6BB6161/0/TFSM001FosterCareFACTSStatewideFebruary2009.pdf>.
- ^{xi} Kentucky Department of Community Based Services, Foster Care FACTS, February 1, 2009, <http://chfs.ky.gov/NR/rdonlyres/5FB47B03-F82A-4CE3-A082-15F4E6BB6161/0/TFSM001FosterCareFACTSStatewideFebruary2009.pdf>.
- ^{xii} Kentucky Department of Community Based Services, Foster Care FACTS, February 1, 2009, <http://chfs.ky.gov/NR/rdonlyres/5FB47B03-F82A-4CE3-A082-15F4E6BB6161/0/TFSM001FosterCareFACTSStatewideFebruary2009.pdf>.
- ^{xiii} Children’s Defense Fund, “Children in Kentucky,” <http://www.childrensdefense.org/child-research-data-publications/data/state-data-repository/cits/children-in-the-states-2008-kentucky.pdf>
- ^{xiv} Kentucky Department of Community Based Services, “KY CFSR Self Assessment,” May 5, 2008, pg 202, <http://chfs.ky.gov/nr/rdonlyres/3885d048-da94-4627-a1ac-3f5b7792ef08/151868/07cfsrsection5strengthsneedsassessment5908.doc>.
- ^{xv} Kentucky Department of Community Based Services, “KY CFSR Self Assessment,” May 5, 2008, pg 8, <http://chfs.ky.gov/nr/rdonlyres/3885d048-da94-4627-a1ac-3f5b7792ef08/151868/07cfsrsection5strengthsneedsassessment5908.doc>
- ^{xvi} Kentucky Department of Community Based Services, “KY CFSR Self Assessment,” May 5, 2008, pg 8, <http://chfs.ky.gov/nr/rdonlyres/3885d048-da94-4627-a1ac-3f5b7792ef08/151868/07cfsrsection5strengthsneedsassessment5908.doc>
- ^{xvii} For an in depth description and analysis of these additional costs, see Richard P. Barth, Chung Kwon Lee, Judith Wildfire, and Shenyang Guo. “A comparison of the governmental costs of long-term foster care and adoption.” *Social Service Review* March 2006, 143.