**Should Foster Parents Receive higher Reimbursements?**

In 2011, the Foster Parent Association of Washington State filed a lawsuit stating that the state of Washington failed to reimburse foster parents in accordance with Child Welfare laws.1 Should Washington State increase foster parent reimbursement rates? More importantly, can the state budget afford to do so? Foster parents provide a vital service to vulnerable youth. As such, state support for foster parents is important for placement stability and foster parent retention.2 Unfortunately, inadequate reimbursement rates can negatively impact placement stability, foster parent recruitment and retention, and prevent foster children’s basic needs being met.3 Changes to Washington State's child welfare system could help pay for the higher reimbursement rates. Since data suggests Washington State doesn’t adequately reimburse foster parents, Washington State should increase foster parent reimbursement.4

The Federal Child Welfare Act “requires states that accept federal foster care funding to cover the cost of… food clothing, shelter, daily supervision, school supplies, a child’s personal incidentals, reasonable travel to the child’s home for visitation, and reasonable travel for the child to remain in school.”5 How much does it cost to provide such care? Two studies have been conducted to determine the reimbursement rates for foster youth. The most comprehensive was the “Hitting the M.A.R.C.” study completed in 2007. The Foster Parent Association of Washington State primarily uses the M.A.R.C. study for evidence in their lawsuit.6 The M.A.R.C. study determined that “Washington’s current foster care rates must be increased by up to 76% in order to cover the real costs of providing care for children.”7

The lawsuit also states that “Washington is in the bottom third of all states when it comes to providing foster care maintenance payments for the basic care of foster children; Washington pays less to foster parents then do states that have significantly lower costs of living, including Georgia, Kansas, Montana, Tennessee, Texas and West Virginia.”8 They also point out that “foster care maintenance payments have failed to even keep pace with inflation over the past decade.”9 Washington State provides different reimbursement amounts depending on the child’s age and medical and behavioral needs.10 Most foster children fall under the basic rate while children needing more specialized care get higher reimbursement rates.11 A 2012 report looked at the reimbursement rates for different rate classifications. In Washington State, 51% of foster youth fall under the basic rate.12 The 2012 study showed that Washington needs to increase the basic rate by 37-45% to cover the estimated costs of caring for a foster child.13

While the number of foster children has been decreasing nationally, this is not the case in Washington State.14The Lawsuit cites a 2008 state performance report stating that “the number of Washington residents willing to become licensed foster parents has been steadily decreasing for at least a decade, even as the number of children in out-of-home care has increased from fewer than 8,000 to more than 10,000 annually.”15 These numbers show that recruitment and retention is already a big problem in Washington.In addition, around fifty percent of foster parents leave after the first year.16 High foster parent turnover rates and insufficient number of foster families contribute to a higher number of placements for foster youth.17

The low reimbursement rate may also decrease recruitment and retention of foster parents and create placement instability for foster children.The M.A.R.C. study suggests that “child welfare systems that lack adequate numbers of foster homes may be more likely to experience multiple placements and be placed in residential or institutional foster care facilities which are significantly more expensive than family foster care.”18 One study showed placement stability was associated with better mental health outcomes and better outcomes for future employment, finances, and educational outcomes in foster youth.19 Unfortunately, the Northwest Foster Care Alumni Study found that between 1988 and 1998 about one third of former foster children received eight or more placements and changed school ten times or more.20Repeated placement changes are also stressful for foster parents which can decrease retention rates.21 Placement changes make child permanency, adoption, and reunification more difficult.22

Many studies have shown a link between reimbursement rates and foster parent retention. In 1992, the state of Oregon conducted a study to determine the effect money had on retention rates, showing that extra reimbursement rates by themselves can increase foster parent retention.23 A 2005 study using data from New Mexico, Oklahoma, and Oregon indicated a link between foster parent retention and increased reimbursement rates.24 Another study published in the Southern Economic Journal in 2007 suggests that an increase in reimbursement rates leads to a 20% reduction in placement moves for foster youth.25 An increase in reimbursement rates could increase foster parent retention, which could save the state money in training and recruiting new foster parents.26

Some may argue that Washington doesn’t have the budget to raise reimbursement rates. The recession along with needing to fully fund public education leaves little money to spare in the state budget.27 However, using cost-benefit analysis shows that systematic changes to the child welfare system (changes which WA State is already starting to implement) could actually save the state money in the long run.28 The decrease in the use of institutions for foster youth, a possible increase in adoptions, and more family services to prevent youth from entering into foster care in the first place could offset the cost of increased reimbursement rates.29 Increasing the retention rate for foster parents could also decrease the total cost because recruiting and training new foster parents is expensive.30 Providing more training and higher pay to foster parents is significantly cheaper than group care.31 While providing more in home services to strengthen families and keep children at home costs far less than the costs of foster care and future welfare, prison, and drug treatment costs.32 One study found that “While preventive services cost only $6900 per year per family (which on average includes 3 children), foster care costs between $17000 and $54000 per year per child.”33

Washington State has already started to make changes in this direction. For many years, the Washington State Institute for Public Policy has used cost-benefit analysis to help the State Legislature identify “evidence-based” polices.34 According to an Institute report, an expansion of evidence-based programs in Washington State would yield net benefits of $317 mill. to $493 mill. over a five year period.35 The policies could reduce the number of children entering and remaining in the child welfare system.36 Another study from the University of Washington showed that foster children who received more expensive interventions saved the state money in the long run.37 The program estimates that all foster children between 12 and 17 years entered more the costly and intensive care, the lifetime savings for that could would be $6.3 billion.38 Their projected savings came from estimations of future earnings by the youths as adults and lower future medical care costs.39 They found that more consistent high quality service also lead to fewer placement changes and more stability for youth, which promote better youth outcomes.40

Washington has other positive programs that decrease the cost of child welfare. Over 25% of foster children live with relatives in Washington State.41 This is positive since relatives are more likely to adopt foster children and adoption is cheaper than foster care.42 If Washington State decreased barriers to adoption, the number of youth in foster care would decrease, saving money. A news report states “adoption costs $115,000, however it saves about $258,000 in child welfare costs, saving tax payers $143,000 per child.”43 A new mental health program in Washington State will “provide intensive in-home and community-based services for as many as 6,000 children and youth under 21 in the hopes of preventing them from ending up in foster care, an institution, or jail.”44 While the article laments the cost of the new program, many studies show in-home services will be cheaper in the long run than foster care.45 King 5 provides evidence that providing attorneys to all foster children in the state could save money because youth with legal representation had higher rates of adoption and family reunification.46 Washington State also increased foster care to 21 years old for select youth.47 This law will save money by decreasing youth homelessness and increasing the future income of the youths.48 Washington could also extend King County’s Family Treatment Court which decreased foster care rates and saved the county money.49 The money saved by these changes can then be re-invested into higher reimbursement rates.50

Washington State has already done a lot for youth. The new mental health program will decrease children in foster care, and allowing youth to 21 to stay in foster care will decrease youth homelessness. Implementing strategies like decreasing the number of children in foster care, increasing adoptions, and increasing evidence based programs will save the state money that could then be used to reimburse foster parents at a higher monthly rate. Hopefully, the Foster Parent Association of Washington Lawsuit will give the Washington Legislature the push it needs to give foster parents and youth the support they deserve.

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