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# ***Real Costs of Raising Foster Children in Georgia: How Georgia's Per Diem Can Keep Up***

**Special Report**

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# Executive Summary

Providing foster care to a child is both an emotional and financial challenge. For years, Georgia Family Foster Care Basic Rate (per diem) has not kept pace with the true cost of child rearing. Georgia has essentially asked foster parents to devote their personal financial resources to supplement the real costs.

This first in a series of papers on Georgia's Child Welfare System, GBPI looks at the financial supports available within Georgia's family foster care system in comparison to the real costs of raising a child. First, this paper provides a brief overview of family foster care in Georgia. Second, we describe the financial supports available to Georgia's foster parents and compare Georgia's per diem to other states and United States Department of Agriculture (USDA) research. Third, we examine the implications of the *Kenny A. v. Perdue* Consent Decree on Georgia's per diem. Finally, we present recommendations for Georgia's family foster care per diem. For purposes of this paper, family foster care includes children in custody of the Department of Family and Children Services (DFCS) placed with non-relative or relative caregivers, under public or private supervision.

With regard to the rest of the nation, Georgia's per diem ranks 19<sup>th</sup> for age 2 foster children, 23<sup>rd</sup> for age 9, and 15<sup>th</sup> for foster children age 16 and older, recognizing that various factors influence the usefulness of strict dollar comparisons (e.g. variation in cost of living in different areas).<sup>1</sup>

Georgia's per diem for DFCS-supervised family foster care is significantly below the USDA estimates of raising a child in a middle income family in the urban south (even net of health care costs directly reimbursed by Medicaid and net education and child care costs mostly covered by a separate child care reimbursement). A number of states have already linked their per diem rates to their respective regional USDA cost estimates. Some states reformed their foster care rates in response to litigation, while others took action proactively.

The proposed *Kenny A. v. Perdue* settlement plan seeks to make the per diem rates uniform across DFCS-supervised and privately-supervised foster parents. The July 1, 2005 increases to the basic foster care maintenance per diems demonstrate a willingness to provide more support to foster parents.

Georgia's foster home annual median household income (\$37,870) is slightly below Georgia's median household income (\$42,443).<sup>2</sup> Foster parents deserve the financial supports required to cover the true costs of raising a child. Georgia should look at linking its basic foster care maintenance per diem for all foster parents (relatives and non-relatives) to 100% of the USDA estimates for raising a child in a middle income, two-parent family in the urban south (net health care and net education and child care estimates). Without this link, per diem expenditures to DFCS-supervised foster parents cost about \$44 million annually. Applying the USDA link described above to per diems for existing DFCS-supervised foster parents would cost about \$64 million<sup>3</sup>. Of this \$20 million increase, about \$7.2 million would be from state funds and \$12.8 would be from federal funds<sup>4</sup>. Georgia could phase in this investment in foster parent recruitment and retention, closing the gap by about \$6.7 million per year (with about \$2.4 million from state funds, \$4.3 million from federal funds) over three years (SFY 2007 – SFY 2009). Once the gap is closed (beginning in SFY 2010), Georgia could then automatically link the per diem to the USDA estimates derived from the most current USDA *Expenditures on Children by Families* report.

# **Real Costs of Raising Foster Children in Georgia: How Georgia's Per Diem Can Keep Up**

## **Introduction**

Providing foster care to a child is both an emotional and financial challenge. For years, Georgia Family Foster Care Basic Rate (per diem) has not kept pace with the true cost of child rearing. Georgia has essentially asked foster parents to devote their personal financial resources to supplement the real costs. Comments by Georgia's first lady Mrs. Perdue reflect this reality, "Foster parents save the state \$30 million annually because the compensation that we give them often doesn't completely cover the needs for the child."<sup>5</sup>

A recent statewide survey asked foster parents, "What suggestions would you make to change the current foster care system?" For the 663 respondents, a top three suggestion was to "increase the services, per diem and activities available for the children in care" because "more money and supplies are necessary to adequately provide for children in their care."<sup>6</sup>

In order to recruit and retain family foster parents, Georgia must re-examine how it supports its foster families. This paper looks at the financial supports available within Georgia's family foster care system in comparison to the real costs of raising a child. First, this paper provides a brief overview of family foster care in Georgia. Second, we examine the financial supports available to Georgia's foster parents, actual expenditures, the United States Department of Agriculture (USDA) research on the costs of raising a child, and other state's policies. Third, we examine the implications of the *Kenny A. v. Perdue* Consent Decree on Georgia's per diem. Finally, we present recommendations for Georgia's per diem.

## **Overview of Family Foster Care in Georgia**

Foster care is a state program that provides temporary substitute homes for children who have been abused or neglected by their families. The Georgia Department of Human Resources (DHR) is designated by law to develop and administer Georgia's Foster Care Program through public agencies (Department of Family and Child Services (DFCS) and the Division of Mental Health, Mental Retardation and Substance Abuse) and private licensed child placing agencies (e.g., Families First).

For this paper, family foster care includes children in DFCS custody placed with non-relative or relative caregivers under public or private supervision. Here we provide a recent snapshot of the foster care system and describe non-relative foster parents, relative caregivers, and the difference between publicly and privately supervised family foster care. For more details on non-relative foster care please consult Barton Child Law & Policy Clinic's reference manual<sup>7</sup> and the DHR/DFCS Social Services Manual, Foster Care Services for relative caregivers.<sup>8</sup>

## Foster Children

According to DFCS, as of July 2004, about 15,842 children were in state custody.<sup>9</sup>

- 7,925 were in family foster care (a 31% increase from June 1999).
- 2,861 children were placed with relatives or were in the non-abusing parent's home until the court could decide legal custody. This represents children placed with relatives who may have received Temporary Assistance for Needy Families (TANF) or no assistance.
- 426 children were in foster care with relatives receiving a per diem (i.e., who met the same requirements as a non-relative foster parent).
- Approximately 4,600 children were in child-caring institutions, hospitals, group homes, or were placed in adoptive homes.
- Ages ranged from birth to 21, 9 was the average age.
- Some 44 percent were white, 51 percent were African American with remaining 5 percent from other ethnic backgrounds.
- Children remained in care for 19 months on average. Most returned to their birth families.

## Foster Parents

As of August 2005, there were 4,164 active foster homes in Georgia.<sup>10</sup> The number of children placed in a family foster home varies from one to six (including the parents' own children), and is determined by the parent and DFCS agency.

DHR Commissioner Walker has acknowledged that there is a shortage of foster homes in Georgia.<sup>11</sup> At this time, the state is not able to quantify the shortage. A statewide foster care home needs assessment is scheduled to be completed by October 2005.

### Relative Caregivers in the Foster Care System

Georgia gives placement preference to adult relatives who meet the relevant state child protection standards. Beginning in January 2005, a Relative Work Group began exploring how Georgia could increase relative placements. In June 2005, DHR updated policies and procedures based on the work group's recommendations to expand relative placements.

### Non-Relative Family Foster Care

When relatives are not available or are not an appropriate placement, DFCS turns to family foster homes as the least restrictive and most family-like placement for temporary care. A non-relative family foster home is a private home approved to provide 24-hour care, lodging, supervision, and maintenance for no more than six children unrelated to the foster parent.

### Privately Supervised vs. Publicly Supervised

DHR may place children in DFCS custody in either privately or publicly supervised family foster care. For purposes of this paper privately supervised family foster care refers to child placing agencies. Note, relative caregivers generally work with publicly supervised foster care.

In privately supervised foster care, DHR contracts with licensed child placing agencies to provide services associated with the child in foster care. The license is deemed to be approval of all family foster homes approved, supervised, and used by the licensed child placing agency as a part of its work.<sup>12</sup>

In publicly supervised foster care, DFCS places children in foster homes that are approved and supervised by the local county DFCS. State law does not require local county DFCS offices to comply with the same licensure standards as private child placing agencies, but DFCS does have the authority to make periodic inspections.<sup>13</sup>

## Real Costs of Raising Foster Children

All foster parents (relative and non-relative, publicly or privately supervised) deserve adequate and timely financial support from the state in order to provide quality care to Georgia's foster children. Recognizing this need, on May 5, 2004 Governor Sonny Perdue signed into Law the Georgia Foster Parent Bill of Rights. This law includes a foster parent's "right to receive timely financial reimbursement according to each child's level of care, and to be notified of any costs or expenses for which the foster parent may be eligible for reimbursement."<sup>14</sup>

The state is responsible for providing a foster child with "food, clothing, shelter, education and ordinary medical care".<sup>15</sup> The birth parent continues to have financial responsibilities (i.e., pay child support on behalf of the child, including medical coverage, if available to the parent), unless parental rights are terminated. In fact, fiscal policies require that all countable income of the child (e.g., child support, Supplemental Security Income (SSI), Veterans Administration benefits, Social Security) is applied first to offset per diem expenses. Ultimately, however, DFCS is responsible for the financial care of the child while in foster care.

Recognizing that there are supports to help families prevent children from entering the foster care system (e.g., Comprehensive Child and Family Assessment Wrap-Around Services) with SFY 2004 expenditures of approximately \$50 million<sup>16</sup>, this paper only focuses on the family foster care supports available to foster parents once the child enters the foster care system.

### Financial Support Non-Relative Family Foster Care - Publicly Supervised

Foster families who care for children in the custody of a state receive financial support intended to cover ordinary living expenses for the child. This generally includes room and board, daily supervision, and a personal allowance. It may also include a variety of other expenses for which some states provide supplemental funds, including clothing, child care, incidentals such as hair care, liability insurance, recreational activities, respite care, school supplies, and travel for visits with birth families and medical appointments. The specific financial supports for Georgia's publicly (DFCS) supervised family foster parents, detailed in the DHR Social Services Manual (Fiscal Chapter)<sup>17</sup> and DFCS Foster Parent Manual<sup>18</sup> are described below.

#### Per Diem

The per diem is an all-inclusive rate intended to cover service provisions, such as room and board, clothing replacement allowance, medicine chest items (e.g., aspirin, first aid), and additional items (e.g., toothpaste, toothbrushes, haircuts, hair brushes/combs). Individual costs are not assigned to each component of the per diem.

- *Family Foster Care Basic Rate* – Georgia's Family Foster Care Basic Rate, is set by the Georgia Assembly and approved by the Governor. Effective July 1, 2005, the rates are \$13.68 for ages 0-5, \$15.50 for ages 6-12, \$17.75 for ages 13+. See *Kenny A. v. Perdue* Settlement – Impact on Foster Care Financial Supports for more details.
- *Special Per Diem (Discretionary Add On)* - \$ .50 – 1.75 added on to Family Foster Care Basic Rate with approval by the County DFCS Director/designee. Special per diems are intended to reimburse the foster parent for a child whose care demands additional time and skills.
- *Specialized Foster Care* – A written state office waiver is required for a county department to pay higher per diem than the Basic Service Rate plus \$1.75. Higher rates are considered for children diagnosed with medical, emotional, and/or behavioral conditions that substantially interfere with or limit the child's functioning. An increased per diem is intended to meet the child's needs and reimburse the caregiver. Applications for funding are reviewed at the local and state level and require renewals.

## Emergency Beds

Emergency beds provide immediate placement resources for children in emergency situations in areas without sufficient emergency shelters. Foster families are paid a per diem rate of \$7.00 to hold empty beds in anticipation of children needing emergency placement. Once the foster child is placed and occupies the emergency bed, the payment rate reverts to the applicable family foster care per diem rate.

## Respite Care

Respite care is a support service intended to give foster parents a necessary break from their parenting responsibilities. Overnight and day respite care are each capped at 5 days per child per fiscal year. Both the primary home and the respite provider receive a per diem during the respite period. Overnight respite providers must meet the DHR Minimum Standards for Foster Homes. Day respite care providers must meet the same as foster care child care providers.

## Clothing

- *Initial Clothing* (first 6 months post-removal) - \$150 (age 0-12) and \$300 (age 13+). County Director/designee may grant a written waiver to authorize another Initial Clothing payment or additional purchases for a “hard-to-fit” child.
- *Annual Clothing* - \$200 per state fiscal year per child. Annual Clothing is not claimed in the same calendar year in which the child enters care. (Reimbursement for special clothing not considered part of everyday wardrobe (e.g. scout uniforms) is available dependent on county DFCS funds and case manager pre-approval).

## Child Care (Supplemental Supervision)

Foster parents who work outside of the home or who attend school, training, or vocational education programs are reimbursed for child care registration and monthly fees from approved providers (i.e., licensed/certified center-based care, licensed/certified group home care, registered family day care, and in-home/out-of-home care), subject to Child Care and Parent Services maximum rates.<sup>19</sup>

## Child Restraint Devices

- *Car Seats* (required by state law for transporting children age 0-6). No cap on reimbursement. The car seat is the property of the child. After the child outgrows the car seat, it becomes the property of the county that may inventory the car seat for use by another child.
- *Safety Helmets*. Reimbursement capped at \$30.

## Medical, Burial & Interstate Travel

- *Medical Services* – Most medical, dental, psychological, and therapeutic services are covered under Medicaid or state funds.
- *Unusual Medical/Dental* – Covers medical and dental for child who is either ineligible for or not covered by Medicaid. State is last funding source once all others have been explored (e.g., Medicaid, insurance, county, personal funds). State office approval from Social Services Director is required for expenditures over \$5,000.
- *Non-Emergency Medical Transportation* – Reimbursement through local non-emergency transportation brokers for the cost of necessary trips to clinics, hospitals, medical and dental appointments etc.
- *Child Burial Expenses* – When a child dies in foster care, Georgia covers burial expenses up to a maximum of \$1,000 (unless waiver granted to exceed maximum by County Director/designee) after other available sources (personal funds, family contributions, family insurance, community donations, etc.) are exhausted.
- *Interstate Travel* - Reimbursable travel expenses associated with a foster child’s placement in Georgia from out of state or placement in another state from Georgia.

## Foster Parent Support Services (Screening and Training)

Reimbursement for costs required in screening and preparation of foster families:

- Drug screen, physicals, lab tests, and fingerprint checks of all adults in home,
- IMPACT Training related fees,
- Travel cost/lodging/meals for approved agency related training,
- Costs related to attending annual conferences, and
- CPR and First Aid Training/Water Safety Instructional Costs.

## **Financial Support for Non-Relative Family Foster Care – Privately Supervised**

The state purchases privately supervised family foster care at a flat per diem rate from licensed and approved child placing agencies. The flat per diem is organized into a level of care (LOC) system based on the child's assessment from level one (the least restrictive form of care) to level six (requires twenty-four hour supervision, treatment, and medical care).

Table 1 shows the flat rates provided for each of the six levels. Before the child's LOC assessment, the County Director determines an Assessment Level Rate for the child for a maximum of 90 days, using the Special Per Diem (Discretionary Add On) procedures described above. The current per diem for a licensed and approved child placing agency serving a level one foster child is \$34.<sup>20</sup>

**Table 1**  
**Flat Per Diem Rate for Licensed & Approved Child Placing Agencies<sup>21</sup>**

Level of Care (LOC)	Rate for Child Placing Agency
1	\$34
2	\$41
3	\$82
4	\$124
5	\$170
6	\$197

Each licensed and approved child placing agency determines the actual per diem to provide their foster parents. The GBPI in cooperation with the Georgia Association of Homes and Services for Children (GAHSC) surveyed twenty licensed child placing agencies that do or potentially do level one foster care. Responses to the survey are believed to account for over 90 percent of the agencies that provide level one foster care. The portion of the level one flat per diem provided to foster homes varied by agency with the lowest at \$13.00 - \$14.50 based on the child's age and the highest at \$25.00 regardless of age.

Taken by itself, this is a wide variation. But to make a fair comparison, we must recognize that different agencies provide different services and/or financial supports to supplement the per diem. For instance, the agency with the lowest per diem provides these additional supports:

- Day care assistance above DFCS allowable rates.
- Reimbursement for necessary items, such as glasses, instruments, camps, etc.
- Travel and allowance reimbursement (Many DFCS counties no longer provide this).
- Training opportunities or tuition expenses for foster parents to meet their requirements.
- Expenses for gifts and social events such as annual picnics and Christmas parties.
- High level of casework support services to foster parents and foster children.<sup>22</sup>

In addition, child placing agencies build strong relationships with faith-based communities, corporations, and private citizens that provide both in-kind and financial support to these agencies and the foster families they serve. What we can conclude from the survey is that the per diem and services provided to level one foster homes supervised by child placing agencies does vary from agency to agency.

In addition to the per diem, children in DFCS custody who are supervised by child placing agencies are afforded the same supports as publicly supervised foster homes except for:

- *Child Restraint Devices* – Child placing agency is responsible for providing car seats.
- *Continued Parent Development* – Private foster parents are required to have additional training hours each year linked to the child's level of care.<sup>23</sup>

## **Financial Supports for Relative Caregivers in the Foster Care System**

***Relative Foster Care*** – For relative caregivers who become foster parents (meet same requirements as non-relative foster parents) of children who remain in DFCS custody. These relative caregivers are eligible for the same family foster care per diem provided to non-relative family foster care parents<sup>24</sup> **and all other supports afforded to non-relative foster parents.**

***Enhanced Relative Rate (ERR)*** – For relative caregivers who do not become foster parents. These relative caregivers may be eligible for a payment equal to 80% of the current family foster care rates<sup>25</sup>. The ERR is not considered a per diem. These caregivers also receive:

- *Initial and Annual Clothing Allowance* – Provided to all children in foster care.
- *Medicaid/other medical coverage* - DFCS staff complete applications/re-certifications.
- *Supplemental Supervision (Child care)* – If eligible (must meet Childcare and Parent Services (CAPS) eligibility standards) and appropriate based on relative caregiver's absence from the home due to gainful employment or educational requirements.
- *Other unusual expenses* – Determined by DFCS case manager with supervisor approval.<sup>26</sup>

## What Supports are Foster Parents Actually Receiving?

Actual expenditures can reveal what happens to family foster care fiscal policies in practice. In SFY 2005, over \$97 million was spent on family foster care in Georgia for non-relative and relative caregivers supervised by public and private agencies. About 36% of these expenditures were from state funds with the remainder from federal funds.<sup>27</sup>

**Table 2**  
**SYF 2005 Family Foster Care Expenditures<sup>28</sup>**

Service Description	Total Expenditures (State & Federal)
Per Diem (Regular, Special, LOC 1-6)	\$79,808,279
Admin Costs for IVE-E FFC Child Placing Agencies	\$9,983,507
Supplemental Supervision (Child Care)	\$3,062,737
Clothing (Initial & Annual)	\$1,338,040
Emergency Beds & Shelters	\$841,327
Foster Parent Screening & Training	\$774,052
Medical, Burial & Interstate Travel	\$726,646
Written Waiver & Other	\$511,882
Respite Care	\$113,595
Restraint Devices	\$63,364
<b>TOTAL</b>	<b>\$97,223,429</b>

Table 2 shows that in SFY 2005 about 96% of all Georgia's family foster care expenditures were spent on per diem (regular, special, level of care), child care, and child placing agencies' administrative expenses.

## How Georgia Ranks Among Other States

It is important to understand how Georgia's family foster care financial supports rank among the other states. There is existing research that compares publicly supervised foster parent reimbursements across the U.S. As we interpret this research, we must recognize that various factors influence the usefulness of strict dollar comparisons, such as:

- Variation in cost of living in different areas;
- Variation in payments between regions or counties within a state;
- Supplemental payments that may be provided for a variety of expenditures; and
- Variation in criteria to determine levels of care that receive higher reimbursements.<sup>29</sup>

That said, comparison tables do provide valuable information. Table 3 below is based on the generally considered best source of state foster care reimbursement data (i.e., analysis by the National Resource Center for Family Centered Practice and a 2003 survey from The Child Welfare League of America's (CWLA) National Data Analysis System (NDAS)). To provide a full picture of the rates provided, the table below includes per diem rates at various age levels for Southern states. Amounts of additional payments are noted, when available. Rates for emergency shelter and specialized levels of care are not included.

Table 3 shows that among 16 southern states, Georgia's per diem is 7<sup>th</sup> for ages 2 and 9, and 6<sup>th</sup> for foster children age 16 and older. With regard to the rest of the nation, Georgia's per diem ranks 19<sup>th</sup> for age 2 foster children, 23<sup>rd</sup> for age 9 foster children, and 15<sup>th</sup> for foster children age 16 and older. See Appendix for 2005 state rankings. Prior to July 1, 2005, Georgia's per diem ranked 31<sup>st</sup> for age 2, 30<sup>th</sup> for age 9, and 38<sup>th</sup> for foster children age 16 and older.<sup>30</sup>

**Table 3**  
**Per Diem Comparison of Urban South (as defined by USDA) as of July 1, 2005<sup>31</sup>**

	State	Age 2	Age 9	Age 16
1	Kentucky	\$19.69	\$19.69	\$21.70
2	Texas	\$19.99	\$19.99	\$19.99
3	West Virginia	\$19.73	\$19.73	\$19.73
4	Maryland	\$17.59	\$17.59	\$18.08
5	Delaware	\$17.00	\$17.00	\$17.00
6	Tennessee	\$16.57	\$16.57	\$19.07
<b>7</b>	<b>Georgia</b>	<b>\$13.68</b>	<b>\$15.50</b>	<b>\$17.75</b>
8	North Carolina	\$12.82	\$14.47	\$16.11
9	Alabama	\$13.48	\$14.27	\$14.66
10	Arkansas	\$13.15	\$13.97	\$15.62
11	Oklahoma	\$11.01	\$13.15	\$15.39
12	Florida	\$12.13	\$12.49	\$14.96
13	Louisiana	\$10.88	\$12.00	\$13.12
14	Mississippi	\$10.68	\$11.67	\$13.15
15	Virginia	\$9.67	\$11.31	\$14.31
16	South Carolina	\$10.26	\$11.15	\$13.64

## USDA Estimates of Expenditures on Children By Families

Since 1960, the U.S. Department of Agriculture (USDA) has provided estimates of annual expenditures on children from birth through age 17. This data is considered the most comprehensive source of national level household expenditure data. The USDA's report, *Expenditures on Children by Families, 2004*, includes estimates for the major budgetary components: housing, food, transportation, clothing, health care, child care and education, and miscellaneous goods and services. Expenditure estimates are based on the 1990-92 Consumer Expenditure Survey data updated to 2004 dollars using the Consumer Price Index. The USDA presents separate costs for four different urban regions (including the urban south) and one for rural areas. The report also indicates amounts spent by families in three different income ranges on children in six age groupings.<sup>32</sup>

According to the USDA, states can use the report to develop foster care payment rates. In Table 4, we compare Georgia's per diem to the USDA per diem net USDA health care costs (since medical needs of foster children are generally covered under Medicaid) and USDA education and child care costs (since Georgia provides a separate child care reimbursement to foster parents).

**Table 4**  
**USDA Urban South Estimated Per Diem Expenditures vs. Georgia Per Diem<sup>33</sup>**

	Age 0-2	Age 3-5	Age 6-8	Age 9-11	Age 12-14	Age 15-17
Georgia Per Diem	\$13.68	\$13.68	\$15.50	\$15.50	\$17.75	\$17.75
USDA Per Diem (w/o HC, E&CC)	\$19.92	\$20.36	\$21.78	\$22.68	\$25.10	\$24.68
Georgia Per Diem as % of USDA (w/o HC, E&CC)	68.67%	67.19%	71.17%	68.34%	70.72%	71.92%

Table 4 shows the gap between Georgia's per diem for DFCS supervised family foster care and the USDA estimates of raising a child in the urban south. Even with the July 1, 2005 per diem increases and excluding health care costs and education and child care costs from the USDA estimates, Georgia falls short of the USDA estimated costs for caring for a child. Georgia's per diem is as low as 67.19 percent of the USDA rate for children age 3-5 and as high as 71.92 percent of the USDA rate for children age 15-17.

### States that link Foster Care Per Diems to USDA Estimates

A number of states link their per diem rates to their respective regional USDA cost estimates. Some states reformed their rates in response to litigation, while others proactively chose to improve their child welfare systems. As Georgia implements the *Kenny A. v. Perdue* Consent Decree reimbursement rate policy changes, these states can provide helpful lessons.

#### Law Suit Settlements that Triggered Reform

As a result of class action lawsuits (see <http://childrensrights.org/Legal/cases.htm> for details):

- *Connecticut* links its foster care per diem to 1999 USDA rate on a child by two-parent middle income families in urban northeast (net health care costs). Connecticut's per diem is currently the highest in the nation for all age categories.<sup>34</sup>
- *New Jersey* began in 2005 to phase in an increase of foster care per diems to 100% of USDA rate (two parent middle-income family in urban Northeast, including health care costs) by July 1, 2008.
- *District of Columbia* in 2003 began annually adjusting foster care per diems to ensure they meet 100% of the USDA rate (two parent middle-income family in urban South, including health care costs).

#### Proactive Reform

In 2000, *Kentucky* proactively changed their foster care rates for increased and more efficient funding for foster parents. There are different rates dependent on foster parent training. Advanced rate is 100% link to 1998 USDA rate (net health care costs). Basic rate is about 90% of the advanced rate. Before the increase, Kentucky was 49.4-58.4% of the USDA rate (net health care costs).<sup>35</sup> With regard to the rest of the nation, Kentucky's per diem currently ranks 6<sup>th</sup> for age 2, 5<sup>th</sup> for age 9, and 4<sup>th</sup> for age 16 and older.<sup>36</sup>

# Kenny A. v. Perdue Settlement: Impact on Foster Care Financial Supports

## Background

The Kenny A. v. Perdue lawsuit involved a legal action over three years. Highlights include:

- On June 6, 2002, Children’s Rights filed a lawsuit (*Kenny A. v. Perdue*) because they believed that Georgia’s foster care system (particularly operated in Fulton and DeKalb counties) was overburdened, mismanaged, and endangered the children in care. Children’s Rights also found that there were inadequate supports for foster parents.
- In August 2003, U.S. District Court Northern District of Georgia granted the plaintiffs class action status for about 3,000 foster children in custody of DFCS in Fulton and DeKalb Counties to stop ongoing violations and provide proper protection. One of the serious problems that Children’s Rights identified was that “Georgia fails to provide adequate foster care payments to foster parents, making it difficult for care givers to properly care for children.”<sup>37</sup>
- On July 5, 2005, the state and plaintiff lawyers agreed to a settlement plan.
- On October 27, 2005, Judge Marvin H. Shoob, approved the settlement plan. As a federal consent decree, the settlement plan “has teeth” with federally enforceable remedies and oversight by a federal judge. This enforcement stands “in good or bad economic times and for current and future administrations”.<sup>38</sup>

## Provisions for Foster Care Reimbursement Rates

The proposed settlement requires Georgia to meet specific targets in thirty-one outcome areas. The state is bound to significantly reduce DFCS caseworkers’ caseloads, implement a statewide child welfare information system, and improve compensation, training, and support for foster parents. DHR Commissioner Walker believes “it’s a plan that’s good enough for all of Georgia: one we can use to improve services across the state.”<sup>39</sup> Provisions in the proposed settlement<sup>40</sup> that relate to foster parent financial supports include:

- Increase basic foster care maintenance per diems. Effective July 1, 2005, the basic foster care maintenance per diems are \$13.68 (Age 0-5), \$15.50 (Age 6-12), and \$17.75 (Age 13+). These rates:
  - Apply to non-relative foster parents and relative caregivers who become foster parents of children still in DFCS custody. Exclude relatives who received enhanced rates or assume legal custody or guardianship of the child.
  - Must be paid to all foster parents (supervised by DFCS or child placing agencies) providing basic foster care services. Currently, child placing agencies have the discretion to determine the portion of the flat per diem rates to provide to foster parents. An approved settlement will call for uniform rates for all foster parents providing basic foster care services.
- Subsequent increases to basic foster care maintenance per diem. “The Commissioner shall propose a periodic increase in the basic foster care maintenance per diem, effective in succeeding fiscal years, based upon discussions with affected foster parent groups and consideration of whether an increase in any amount for any age group is needed to adequately compensate for basic foster care for the relevant age groups.”<sup>41</sup>

Beginning July 1, 2007 (until settlement plan termination) Class Counsel may seek judicial remedies for inadequate per diems if they can prove that the Commissioner’s proposed payment structure fails to adequately compensate for basic foster care for a particular age group or groups.

- Review of Level of Care System by newly established Reimbursement Rate Task Force. The task force is not

authorized to change the basic foster care maintenance per diems above. The task force will examine the Level of Care system and make recommendations for either revising or replacing it, taking into consideration pilot programs in Georgia and compliance with Title IV-E and Medicaid funding guidelines.

Effective with the July 1, 2006 contracting cycle, all approved foster parents (supervised by DFCS or child placing agencies) must receive the same reimbursement rate for a given level of service.

- Needs Assessment (for Fulton and DeKalb Counties)– DFCS is required to “provide all of the placements and related services identified in the needs assessment”<sup>42</sup>

## Cost Impact of Changes

To date, DHR has been reluctant to put a price tag on the cost of implementing all the provisions in the settlement plan. According to DHR Commissioner Walker, she and Governor Perdue have agreed to the work required to fulfill the settlement plan “regardless of price tag”.<sup>43</sup> Optimistically, the Commissioner has stated that implementation is “doable within the current budget” but if not, she will go the Governor and the General Assembly for additional funds.<sup>44</sup> Regardless of what resources Georgia needs, the state is legally bound to fulfill the requirements of the settlement plan.

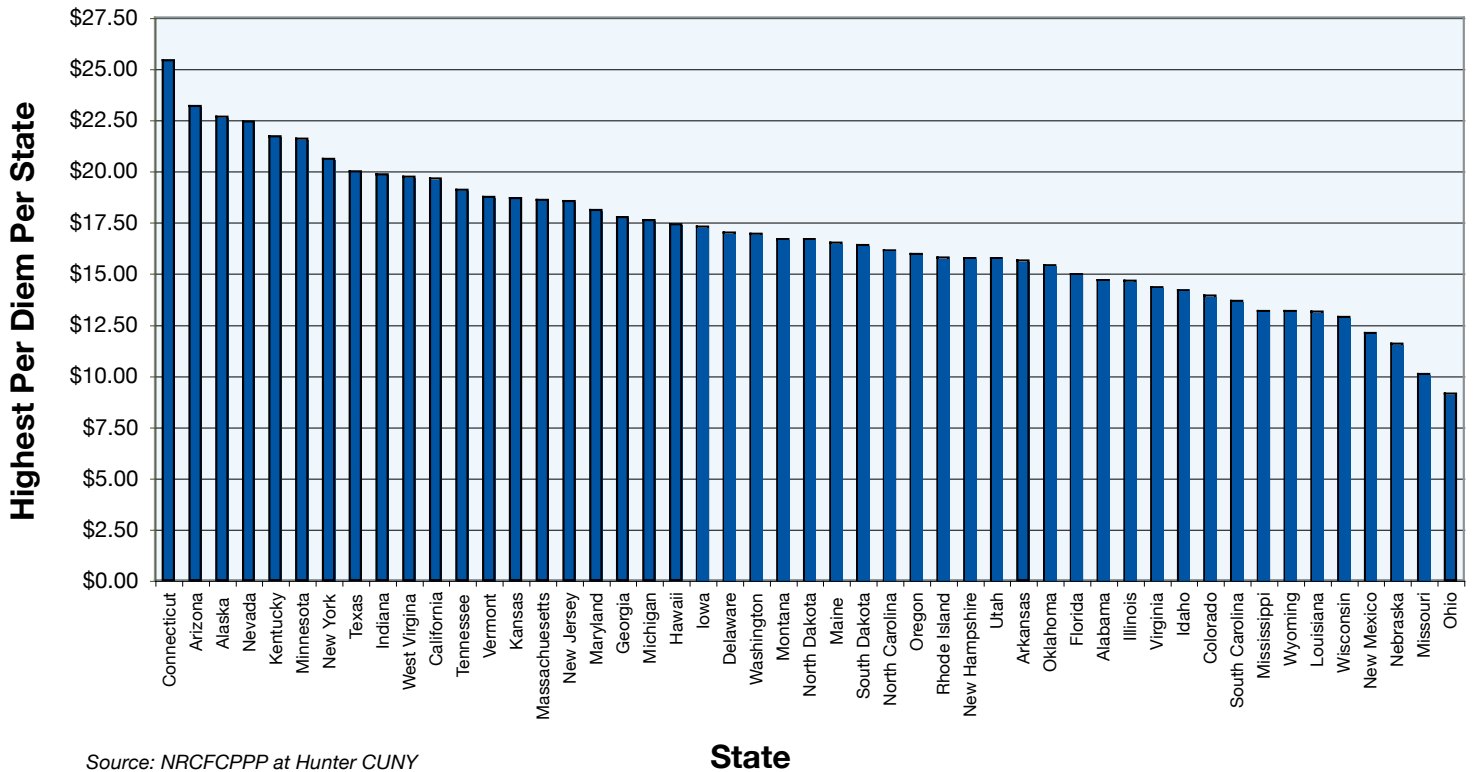
## Recommendations

Georgia’s foster home annual median household income (\$37,870) is slightly below Georgia’s median household income (\$42,443). Georgia’s foster parents deserve the financial supports required to cover the costs of raising a child. The DHR Commissioner should link Georgia’s basic foster care maintenance per diem (effective July 1, 2006 and beyond) to 100% of current USDA estimates for raising a child in a middle income, two-parent family in the urban south, net health care estimates and net education and child care estimates.

Without this link to USDA estimates, Georgia’s per diem expenditures to DFCS-supervised foster parents cost about \$44 million annually. Applying the USDA link described above to per diems for existing DFCS-supervised foster parents would cost about \$64 million annually.<sup>45</sup> Of this \$20 million increase, about \$7.2 million would be from state funds and \$12.8 would be from federal funds<sup>46</sup>. Georgia could phase in this investment in foster parent recruitment and retention, closing the gap by about \$6.7 million per year (with about \$2.4 million from state funds, \$4.3 million from federal funds) over three years (SFY 2007 – SFY 2009). Once the gap is closed (beginning in SFY 2010), Georgia could then automatically link the per diem to the USDA estimates derived from the most current USDA *Expenditures on Children by Families* report.

## Appendix

## 2005 State Comparison of Foster Care Per Diem



Source: NRCFCPPP at Hunter CUNY

### Endnotes

<sup>1</sup> National Resource Center for Family Centered Practice and Permanency Planning, Hunter College School of Social Work, April 11, 2005. *Foster Care Maintenance Payments*. Available at <http://www.hunter.cuny.edu/socwork/nrcfcpp/downloads/foster-care-maintenance-payments.pdf> Note per diem for Pennsylvania was not available and was therefore excluded from the rankings. For information on the cost of raising a child in different regions of the country, see the U.S. Department of Agriculture reports, Expenditures on Children by Families, available at <http://www.usda.gov/cnpp/using2.html>. (hereinafter NRCFCPPP Per Diem Research)

<sup>2</sup> Georgia foster home annual median household income determined using the 4,058 Georgia foster home addresses as of April 2004 and associating them with the 1999 median household income block groups (matrix P53 from the 2000 SF3 census data, 1-5 blocks per block group). Georgia's 2000 median household income from [http://factfinder.census.gov/servlet/SAFFacts?\\_event=Search&geo\\_id=&\\_geoContext=&\\_street=&\\_county=&\\_cityTown=&\\_state=04000US13&zip=&\\_lang=en&\\_sse=on&pctxt=fph&pgsl=010](http://factfinder.census.gov/servlet/SAFFacts?_event=Search&geo_id=&_geoContext=&_street=&_county=&_cityTown=&_state=04000US13&zip=&_lang=en&_sse=on&pctxt=fph&pgsl=010)

<sup>3</sup> Estimated costs equal the difference between (1) SFY 2004 days in DFCS supervised foster care by 1 year ages multiplied by July 1, 2005 DFCS supervised basic foster care maintenance rates (about \$44 million) and (2) SFY 2004 days in DFCS supervised foster care by 1 year ages multiplied by the 2004 USDA per diem estimates for the costs of raising a child in a middle income two parent family in the urban south (net health care and education and child care costs) (about \$64 million). SFY 2004 days in DFCS supervised foster care from AFCARS data provided by Andy Barclay on August 5, 2005. Hereinafter referred to as Cost Estimate.

<sup>4</sup> Applied percentage of state funds (36%) of SFY 2005 family foster care expenditures provided by DHR to cost estimates described in supra note 3.

<sup>5</sup> Mrs. Perdue on WSBTV Georgia's Forgotten Children, broadcast on April 11, 2005.

<sup>6</sup> State Office of Child Advocate and Georgia Supreme Court Child Placement Project, Georgia Foster Parent Survey Results, Posted July 5, 2004 <http://www.objectresourcegroup.com/projects/gafosterparentsurvey.info/Index.htm>

<sup>7</sup> Danette Joslyn-Gaul, *Georgia's Responsibilities Toward Children in Foster Care: A Reference Manual*, Barton Child Law & Policy Clinic of Emory University (1st ed. Dec. 2004) (hereinafter Barton Clinic Reference Manual).

<sup>8</sup> DHR/DFCS, *Social Services Manual, Foster Care Services Chapter 1000*, Section 4 July 2005. Available on-line at [www.files.georgia.gov/DHR-DFCS/DHR-DFCS\\_Relative\\_Care/Relative\\_Care/Relative\\_Care\\_Policy\\_1004.pdf](http://www.files.georgia.gov/DHR-DFCS/DHR-DFCS_Relative_Care/Relative_Care/Relative_Care_Policy_1004.pdf) (hereinafter DHR Relative Care Policy)

<sup>9</sup> Georgia Department of Human Resources, Foster Care in Georgia, Fact Sheet, 2004. Available on-line at [http://dhr.georgia.gov/DHR/DHR\\_FactSheets/FactSheetFosterCare04.pdf](http://dhr.georgia.gov/DHR/DHR_FactSheets/FactSheetFosterCare04.pdf)

<sup>10</sup> October 13, 2005 e-mail from Janet Manning, DHR Program Planning and Policy Unit. Source, IDS.

<sup>11</sup> DHR Commissioner Walker on WSBTV Georgia's Forgotten Children, broadcast on April 11, 2005.

<sup>12</sup> O.C.G.A. Section 49.5-12(b)(12)

<sup>13</sup> O.C.G.A Section 49.5-12(o). *Barton Clinic Reference Manual*, supra note 6, p. 53

<sup>14</sup>[http://www.legis.state.ga.us/legis/2003\\_04/fulltext/hb1580.htm](http://www.legis.state.ga.us/legis/2003_04/fulltext/hb1580.htm)

<sup>15</sup>O.C.G.A. Section 49-5-3(12)

<sup>16</sup>SFY 2004 Family Preservation Expenditures available on line at <http://www.dfcsdata.state.ga.us/menusearch04.asp>

<sup>17</sup>Georgia Department of Human Services, *Social Services Manual*, Chapter 1000, Sec. 1016, available at [http://www.odis.dhr.state.ga.us/3000\\_fam/3060\\_fostercare/MAN3060.doc](http://www.odis.dhr.state.ga.us/3000_fam/3060_fostercare/MAN3060.doc). Last visited July 25, 2005. (hereinafter DHR Social Services Manual).. On-line manual effective date is July 1, 2005.

<sup>18</sup>Georgia Division of Family and Children Services, *Foster Parent Manual*, Revised 12/2003. Available on-line (last visited May 17, 2005) (hereinafter Foster Parent Manual) [http://www.files.georgia.gov/DHR-DFCS/DHR-DFCS\\_CommonFiles/16875120FosterParentManual2.pdf](http://www.files.georgia.gov/DHR-DFCS/DHR-DFCS_CommonFiles/16875120FosterParentManual2.pdf)

<sup>19</sup>*DHR Social Services Manual*, supra note 16 at Sec. 1016.41 and July 20, 2005 E-mail from Leslie Cofield, in DHR Program Planning and Policy Unit.

<sup>20</sup>July 15, 2005 E-mail from Janet Manning, DHR Program Planning and Policy Unit

<sup>21</sup>Source: Georgia Department of Human Services, *Social Services Manual*, Chapter 1000, Sec. 1016.33, available at [http://www.odis.dhr.state.ga.us/3000\\_fam/3060\\_fostercare/MAN3060.doc](http://www.odis.dhr.state.ga.us/3000_fam/3060_fostercare/MAN3060.doc). Last visited July 25, 2005.

<sup>22</sup>GBPI and GAHSC survey results summarized in July 8, 2005 e-mail from Joe Wassell, GAHSC

<sup>23</sup>July 20, 2005 e-mail from Leslie Cofield DHR Program Planning and Policy Unit

<sup>24</sup>DFCS, *Relative Care Supports Chart Rate Chart*, July 1, 2005. Available on-line at [http://www.files.georgia.gov/DHR-DFCS/DHR-DFCS\\_Relative\\_Care/Supports\\_Chart.pdf](http://www.files.georgia.gov/DHR-DFCS/DHR-DFCS_Relative_Care/Supports_Chart.pdf)

<sup>25</sup>DFCS, *Relative Care Supports Chart Rate Chart*, July 1, 2005. Available on-line at [http://www.files.georgia.gov/DHR-DFCS/DHR-DFCS\\_Relative\\_Care/Supports\\_Chart.pdf](http://www.files.georgia.gov/DHR-DFCS/DHR-DFCS_Relative_Care/Supports_Chart.pdf)

<sup>26</sup>DHR Relative Care Policy, supra note 8 , Section 1004.1.17

<sup>27</sup>SFY 2005 total and state expenditure data provided by Ernestine W. Ferguson, Budget Administrator, DHR Office of Planning and Budget, on 8/16/05 and Vernell D. Weston, Budget Officer, Services Benefits & GTC, on 8/29/05 and 9/13/05

<sup>28</sup>SFY 2005 FFC Expenditure data provided by Vernell D. Weston, Budget Officer, Services Benefits & GTC on 9/13/05

<sup>29</sup>*NRCFCPPP Per Diem Research*, supra note 1.

<sup>30</sup>*NRCFCPPP Per Diem Research*, supra note 1.

<sup>31</sup>Source: <http://www.hunter.cuny.edu/socwork/nrcfcpp/downloads/foster-care-maintenance-payments.pdf>

Converted reimbursement rates from monthly to per diems. Georgia July 1, 2005 rates provided by Janet Manning, DFCS Program Planning & Policy Development Unit. Additional payments include (Georgia's detailed above):

Kentucky: Additional payments: initial clothing allowance may be authorized up to \$100 ages 0-1; \$120 ages 1-2; \$130 ages 3-4; \$180 ages 5-11; \$290 ages 12 annual school clothing allowance \$50 ages 3-10; \$100 ages 11+, graduation expenses up to \$500; Christmas gifts \$60; \$25 birthday gifts;

Tennessee: If child's clothing not adequate, addl. amounts: \$125 ages 0-2; \$175 ages 3-4; \$155 ages 5-12; \$200 ages 13+

Oklahoma: Additional payment: initial clothing allowance \$100 ages 0-5; \$150 ages 6-12; \$200 ages 13+

Virginia: Additional payment: clothing allowance \$300 per year

<sup>32</sup>Lino, Mark. 2004. *Expenditures on Children by Families, 2003*. U.S. Department of Agriculture, Center for Nutrition Policy and Promotion. Miscellaneous Publication No. 1528-2003.

<sup>33</sup>Source: USDA *Expenditures on Children by Families 2004*. Table 4. Estimated annual expenditures on a child by husband-wife families, urban South, 2004 Middle Income Group (U.S. overall average \$40,700 to 68,400), net health care and education & child care expenditures, converted to per diems. Urban south includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. Available at <http://www.cnpp.usda.gov/Crc/crc2004.pdf>

<sup>34</sup>*NRCFCPPP Per Diem Research*, supra note 1.

<sup>35</sup>Kentucky Cabinet for Families and Children, CFC Proposes an Increase in Foster Care Rates, Letter to Foster Parents, June 5, 2000 (hereinafter CFC Rate Increase Letter)

<sup>36</sup>*NRCFCPPP Per Diem Research*, supra note 1.

<sup>37</sup>[http://www.childrensrights.org/Legal/Kenny\\_Perdue.htm](http://www.childrensrights.org/Legal/Kenny_Perdue.htm)

<sup>38</sup>Ira Lustbader speaking at An Advocates Briefing on the Kenny A. Lawsuit, July 26, 2005

<sup>39</sup>DHR, *State Agrees on Settlement in Kenny A Lawsuit*, July 5, 2005

<sup>40</sup>*Kenny A. v. Perdue Consent Decree*, July 5, 2005. p.13 Available on-line at [www.childrensrights.org/legal/Kenny\\_Perdue.htm](http://www.childrensrights.org/legal/Kenny_Perdue.htm) (hereinafter Consent Decree)

<sup>41</sup>*Consent Decree*, supra note 40, p. 13.

<sup>42</sup>*Consent Decree*, supra note 40, p.12.

<sup>43</sup>Commissioner Walker speaking at An Advocates Briefing on the Kenny A. Lawsuit, July 26, 2005

<sup>44</sup>Commissioner Walker speaking at An Advocates Briefing on the Kenny A. Lawsuit, July 26, 2005

<sup>45</sup>*Cost Estimate*, supra note 3.

<sup>46</sup>State fund percentage calculation, supra note 4.

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