FISCAL SNAPSHOT

FOSTER CARE CASELOADS AND SPENDING

Date: January 2023 **Analyst: Sydney Brown**

Background

The foster care payments line item provides payments to foster care families, child placing agencies, and residential facilities providing institutional foster care and juvenile detention and treatment programs for children supervised by the Department of Health and Human Services (DHHS) who are state wards or Title IV-E–eligible court wards. Local cost-sharing for state wards is established through the Youth Rehabilitation Services Act.

Recent Activity

As seen in the graph below, prior to FY 2018-19, foster care costs had been increasing, while caseloads were declining. This was in part due to increasing private child placing agencies' administrative rates to help meet the staffing requirements of the Children's Rights settlement agreement. Both caseloads and costs increased due to the requirement to pay unlicensed relatives in FY 2018-19. Foster care costs and caseloads continued to fluctuate as a result of additional rate increases along with the probable caseload effects of the COVID-19 pandemic.

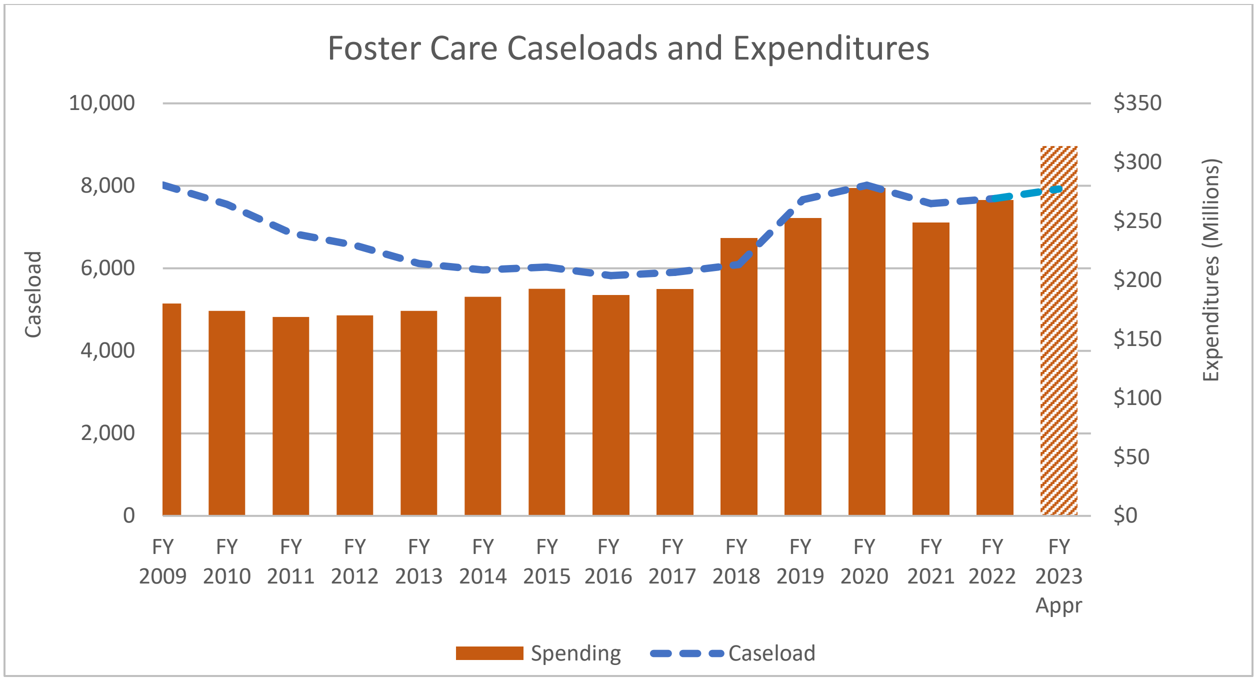
Recent Appropriations Activity

In FY 2017-18, foster care costs increased significantly compared to the previous fiscal years. Private child placing agencies and residential service providers received a daily administration rate increase totaling $14.2 million through both the foster care and Child Care Fund line items.

In FY 2018-19, $15.4 million was allocated to pay unlicensed relatives as a result of *D.O. v Glisson,* which held that unlicensed, but approved for care, relatives should be paid the same rate as licensed relatives. Previously, the receipt of family foster care rates served, in part, as an incentive to increase licensure rates among unlicensed relative caregivers as part of the requirements of the Children's Rights settlement agreement. While unlicensed relative caregivers can receive foster care payments, those payments are not eligible for federal Title IV-E reimbursements.

Foster care caseloads and costs continued to increase in FY 2019-20 due to the requirement to pay unlicensed relative providers family foster care rates. A reduction in foster care funding in the following year, FY 2020-21, can, in part, be attributed to the reduction of caseloads. The state experienced a net loss of available foster homes for teens, sibling groups, and children with disabilities during this time due to the COVID-19 pandemic.

FY 2022-23 marks the highest year of foster care spending to date. In the FY 2022-23 budget bill and FY 2021-22 supplemental bill that accompanied it, a total of $48.2 million in ongoing funding was appropriated across the foster care payments, Child Care Fund, and adoption subsidies line items to increase administrative rates to foster and adoptive families, increase rates to residential juvenile justice and child caring institution service providers, and increase funding to direct care workers. In addition to the ongoing funding for foster care, $24.0 million was also appropriated as one-time funding for foster care services and infrastructure in the FY 2022-23 budget bill and the FY 2021-22 supplemental, and $40.0 million was appropriated to increase enhanced rates for residential service providers and infrastructure in another supplemental for FY 2022-23. Caseload numbers are also estimated to continue to increase in the current fiscal year based on projections made in May 2022.


Foster Care Caseloads and Expenditures
10,000
8,000
6,000
4,000
2,000
0
Caseload
$350
$300
$250
$200
$150
$100
$50
$0
Expenditures (Millions)
FY 2009
FY 2010
FY 2011
FY 2012
FY 2013
FY 2014
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
FY 2021
FY 2022
FY 2023 Appr
Spending
Caseload