New York State - Child Welfare Costs and Kinship Services

Gerard Wallace, Esq., Director NYS Kinship Navigator; 
Public Services Professor SUNY Albany, School of Social Welfare

Ryan Johnson, BA, NYS Regional Kinship Navigator; 
Project Coordinator, Center for Human Services Research, SUNY Albany

Since 2004, New York State has provided programs that assist informal kinship families. These kinship programs along with generous child-only temporary assistance grants provide a support system for informal kinship families and their children, including children who may be at imminent risk of entering foster care. New York's system of services offers an opportunity to compare costs with foster care costs. Part one of this paper discusses the costs of kinship services for 2,061 children who in 2012 were in "direct" custody of relative caregivers, not in foster care, and who meet the definition of being at risk of entering foster care. Part two discusses the costs associated with a kinship services targeting the entire informal kinship community.

According to the calculations in part one, for New York State children who are in "direct" custody (i.e. imminent risk of entering foster care as defined in the recent proposed Family Stability and Kinship Care Act of 2015), average costs are:

Cost of Foster Care
- If the 2,061 children in "direct” custody entered foster care, the cost of all foster care placements = $102,163,770
- If the 2,061 children in "direct" custody entered foster care, the average cost of placement with foster parents (in "regular" foster care) = $44,383,635.

Cost of Kinship Services for Children in "Direct" Custody
- If the 2,061 children remain in "direct" custody, the cost of kinship services = $960,426
- If the 2,061 children remain in "direct" custody, the cost of "child-only" grants = $12,415,464
- If the 2,061 children remain in "direct" custody, the cost of kinship services plus all at risk children receiving child-only grants = $13,375,890.

According to calculations in part two, for children in kinship care who are not in foster care:

Cost of Kinship Services
- The average cost of a statewide kinship navigator program = $55 per child
- The average cost of local kinship services = $466 per child
- Cost of NYS unified kinship services program = between $1,300,000 and $2,900,000
- Cost of similar kinship services in all states = $50,000,000 to $150,000,000 (federal and state share).
Part I: NYS Kinship Care: Imminent Risk and Foster Care - Comparison of Costs

Child Welfare and Kinship Care Placements

Kinship care is a valuable resource for children when their parents are unable to continue parenting. Especially for child welfare agencies, kinship care is an established option, with child welfare agencies employing a variety of strategies to engage kin as placement options.

In New York, like most states, kinship families are often identified by Child Protective Services (CPS) as the first available resource for children. Placements may be "temporary," without abuse/neglect proceedings, or, in more serious circumstances may involve removals, abuse/neglect proceedings, and a judicial determination of the placement type.

When there's a removal and an abuse/neglect proceeding takes place (called an Article Ten in NYS), a mandatory search for kin occurs. Once CPS identifies and has vetted a kinship caregiver, there are three judicial options: private custody, "direct" custody, and foster care. Private custody occurs infrequently because family courts and child welfare agencies almost invariably initiate reunification efforts and a mandatory series of judicial reviews. For foster care, kin can be certified or approved as foster parents and are subject to most of the routine requirements as foster parents. For "direct" custody, the court places the child in the custody of the kinship caregiver while the state maintains jurisdiction and reunification efforts continue. Importantly, “direct” custody kinship caregivers are not foster parents and therefore do not receive the supports of the foster care system (case management, preventative services, etc.) and never receive foster care payments.

"Direct" Custody

- In upstate New York, "direct" custody accounts for about 4% of all children with indicated CPS reports, and in New York City about 1% of children of children in indicated CPS reports
- 12% of all children who are the subject of a substantiated CPS report in upstate New York end up in foster care placements, and 16% of children in NYC
- Statewide, "direct" custody is the placement option in 3% of indicated reports, while foster care accounts for 14%
- Statewide in 2012, 2,061 children were placed with kin via "direct" custody; 9,992 were placed in foster care.
  - Placing children with kin in “direct” custody cases is much more common in upstate NY, with 79% of the “direct” custody cases being reported outside of the five boroughs.
"Direct" Custody Fits Definition of "Imminent Risk"

According to Senator Wyden’s recent draft bill proposed amendments to Title IV-B and Title IV-E (entitled The Family Stability and Kinship Care Act), a child who is a candidate for foster care means, “a child who is identified in a case plan as being at imminent risk of entering or re-entering foster care (without regard to whether the child is or would be eligible for payments under section 472 or 473) but who can remain safely in the child’s current home or in a kinship placement as long as the time-limited family services that are necessary to prevent the child’s entry or reentry into foster care are provided. Such term includes a child whose adoption or guardianship arrangement is at risk of a disruption or dissolution that would result in a foster care placement.”

If not for "direct" custody placements in New York, these 2,061 children would alternatively be in foster care and thus qualify as children at "imminent risk of entering foster care". In upstate New York, entry into foster care would increase the admission rate by 33% (see accompanying Excel accounting by county of new foster care and “direct” custody placements), with an accompanying comparable increase in foster care costs. Statewide, “direct” custody placements entering foster care would account for a 20% increase in foster care enrollments.

Comparison of Costs: Foster Care and Kinship Services

Given the potential entry of 2,061 "direct" custody children into foster care costs, a comparison of foster care costs versus New York's informal kinship services costs provides proof that significant savings are gained via specialized services targeting kinship families that keep children out of foster care.

NYS Informal Kinship Services

New York funds the New York State Kinship Navigator (the Navigator) and local kinship service programs. The Navigator has had consistent funding since 2005. Since first funded in 2004, the number of local kinship programs has fluctuated, from a low of eight programs covering 13 counties (2014) to a high of 21 programs covering 30 counties (2010). The Navigator is currently funded at $220,500 per year; local program funding has ranged from high of $140,000 (2010) to present of $98,000 per program.

For kinship families that are not receiving foster care benefits and are not in counties with local kinship programs, the only resource available to them is the Navigator program. The Navigator operates and maintains an information and referral help line operated by kinship navigator staff, a web site providing information on how to apply for benefits for children in care, including over 50 cited legal aid and fact sheets, as well as maintaining a large referral network in which to refer caregivers to local programs in their respective counties. The Navigator has led the way in researching best practice models for counties in getting kinship caregivers access to the best and
most appropriate resources, and does work on the county level to implement these best practices. See www.nysnavigator.org

Local kinship programs provide a variety of services, focusing on education and advocacy, including case management, respite, forums, assistance in family court and/or in obtaining public benefits, and facilitation of support groups.

One commonality of all kinship service programs is the provision of assistance in obtaining the "child-only" grant. Like the Nutrition Outreach and Education Program (NOEP), which assists eligible families in obtaining access to the Supplemental Nutrition Assistance Program (SNAP), both the Navigator and local kinship programs perform a similar function by assisting eligible families in gaining access to the TANF “child-only” grant.

Cost Calculations for Foster Care and Kinship Services

A. Foster Care Costs New York State Fiscal Year 2010-11
The average cost of a child in foster care is based upon a range of foster care placements from institutional care with very high costs to placements with foster parents with relatively modest costs. Assuming that children in informal care would be placed across the full spectrum of foster care, for every child in informal kinship care who enters foster care, the average cost is the same as the average cost of one child in foster care — over $56,000 per child. 

However, most children entering foster care will be placed with foster parents and this provides a lower cost calculation. According to Office of Children and Family Services (OCFS), regular foster parent placement costs an average of $9,855 annually, with average administrative costs of $11,680. Based on these figures, a child in informal kinship care who does not require specialized services would cost a total of $21,535 per year if placed in foster care.

- Costs of all foster care placements ($1,376,000,000) divided by the total number of children in foster care (24,541) = $56,060 child per year (institutional, exceptional, special, and regular).

Costs of regular foster care is significantly lower:

Cost of One Child Placed in Regular Foster Care = $21,535.
B. Annual Cost of Kinship Services
Prior to the 2011-12 budget cuts, the average cost of a regional program was about $140,000. With more than 300 kinship children served by each program (as well as caregivers), the average cost of a kinship program per child was about $466 per year.\textsuperscript{14}

\textbf{Annual Cost of One Child in a Kinship Program = $466.}

C. Cost of Public Assistance (TANF) Child-Only Grants
Children in informal kinship care are very likely to qualify for a special public assistance grant based only upon their income and resources. According to the Office of Temporary and Disability Assistance (OTDA), the average monthly payment for a kinship family with two children is $600. The average administrative cost per case is $404.11 per month. Together the cost is $1,004, which is an average cost per year of $12,048 (two children) and $6,024 per child (See Appendix C for OTDA child-only costs). Non-parent (aka child-only) cases are predominantly informal kinship families (See Appendix C for OTDA data).\textsuperscript{15}

\textbf{Annual Average Cost of Public Assistance per Child = $6,024.}

D. Cost of Kinship Services with a “Child-Only” Grant
Adding $6,024 cost per child of public assistance together with the $466 average cost per child in a kinship program, the annual total cost per child for informal kinship care services is $6,490.

\textbf{Cost of Kinship Services and a “Child-Only” Grant per Child = $6,490.}

E. Costs Differences between Child Welfare/Foster Care and Kinship Services
Subtracting the cost of informal care from the cost of foster care, the annual cost difference between the two equals $49,570 for all foster care placement types or $21,535 for each regular foster care placement with foster parents.

- Difference between all foster care placements and Kinship Services plus temporary assistance (T.A.) = $49,570 per child
- Difference between regular foster care placements and Kinship Services plus T. A. child-only grant = $15,054 per child.
F. Real Cost of Informal Kinship Care is lower than $6,490 and the Real Cost of All Foster Care or of Regular Foster Care is Higher

According to a Chapin Hall report, only 15% percent of eligible children receive a “child-only” grant in New York State. A major factor for the low utilization is that most kinship families do not know about the grant. Unlike the Nutrition Outreach and Education Program, there are no federally funded outreach programs promoting “child-only” grants.

However, for the purposes of this analysis it's assumed that kinship families that receive kinship services are informed about the grant. But even then, not every child in informal kinship care receives public assistance, since some families choose not to apply. Still others have children who are on SSI or who have other types of income, and others receive Social Security dependent benefits. By contrast, the real costs for foster care are actually higher because there are indirect costs attributed to other state agencies that are very significant (e.g. courts, law enforcement, corrections, reunification efforts, etc.).

Summary of Cost Calculations

In New York State, if all the "direct" custody kinship children entered foster care, the cost of care would rise substantially.

Cost of Foster Care
- If the 2,061 children in "direct" custody entered foster care, the average cost of all foster care placements = $102,163,770
- If the 2,061 children in "direct" custody entered foster care, the average cost of regular foster care placements = $44,383,635.

Cost of Kinship Services
- If the 2,061 children remain in "direct" custody, the average cost of kinship services = $960,426
- If the 2,061 children remain in "direct" custody, the average cost of "child-only" grants = $12,415,464
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Part II: Informal Kinship Care and Child Welfare

Informal Kinship Services and Risk of Entering Foster Care

New York State does not just serve kinship families and their children who are at risk of entering foster care, but all informal kinship families. While many of these families once assisted by kinship services are stabilized and therefore not at risk of foster care, most informal kinship children have child welfare case records which suggest that informal kinship care and kinship services provide a critical supplement to the formal child welfare system.

As discussed in Part One, In New York State pursuant to the Family Court Act section 1017, children subject to abuse/neglect proceedings (Article Ten) may be placed with relatives who are not foster parents but who have "direct" custody. These children and their caregivers usually do not receive preventive or support services, but the parents are often subject to reunification efforts. In sum, "direct" custody is a hybrid of informal and formal kinship care. However, because the costs are not foster care costs but instead are associated with informal care (public assistance and kinship services), it may be considered a subset of informal kinship care, and "direct" custody families do receive the same services available to all informal kinship families.

In addition to "direct" custody, there is evidence that many informal kinship children are known to local child welfare agencies. In the evaluation of the Navigator Children's Bureau demonstration project, one of the seven federal Fostering Connections grants for 2012-15, a review of state and local child welfare records for the survey cohort of 459 children showed that 86% had Child Protective Service investigations. This data backs up the anecdotal evidence gathered from interviews with caregivers served by the kinship programs. Similarly, according to the self-reporting data collected in the Navigator’s statewide database, 59% of caregivers reported that the children in their care had some contact with child protective services.

Informal Kinship Care and Sample CPS Records

According to this ongoing Center for Human Services Research (CHSR) study, funded by the Navigator's Children's Bureau kinship navigator demonstration project, at the State University of New York at Albany, 303 kinship caregivers were surveyed; the survey found:

- 459 kinship children were in the care of 303 kinship caregivers.
  - The children were in informal kinship care at the time of survey (2013-2014)
  - The case records were matched against state administrative records
- Out of the 459 children, 395 (86%) have child protective service (investigation).

These children enter informal kinship care for a variety of reasons. When caregivers were surveyed as to why the child was not living with their mother, the top three responses reported
were: involvement with CPS, mother’s mental health issues, and substance abuse (see chart below).

**Reason the Child is not Living with Mother**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mother is going to or is in jail</td>
<td>13.2%</td>
</tr>
<tr>
<td>Mother has never been involved in child’s life</td>
<td>14.9%</td>
</tr>
<tr>
<td>Mother’s whereabouts are unknown</td>
<td>16.6%</td>
</tr>
<tr>
<td>Mother has serious health problems</td>
<td>16.6%</td>
</tr>
<tr>
<td>Mother’s involvement in other child welfare services</td>
<td>20.7%</td>
</tr>
<tr>
<td>Mother is a victim of domestic violence</td>
<td>31.5%</td>
</tr>
<tr>
<td>Mother’s housing is unstable/got evicted</td>
<td>46.1%</td>
</tr>
<tr>
<td>Mother has financial problems/can’t afford to keep the...</td>
<td>46.1%</td>
</tr>
<tr>
<td>Mother has drug/alcohol problems</td>
<td>52.9%</td>
</tr>
<tr>
<td>Mother has mental health issues</td>
<td>55.3%</td>
</tr>
<tr>
<td>Mother’s involvement in CPS</td>
<td>55.3%</td>
</tr>
</tbody>
</table>

Based on a survey of 303 kin caregivers.
A caregiver could provide more than one reason.
Father’s data is not as complete as Mother’s since many caregivers could not answer.

**Informal Kinship Care Services**

The entire informal kinship community is an integral part of the child welfare response, as shown by the high rates of involvement with CPS and the associated causes for informal care. These families provide invaluable assistance to vulnerable children and should be viewed as an essential part of the child welfare effort to provide stable and loving homes for children whose parents are no longer able to provide care.

The proposed *Family Stability and Kinship Care Act of 2015* correctly targets only kinship children at imminent risk of foster care for services. While this approach targets the most vulnerable, it does not address the provision of services for the entirety of the informal kinship community.
As described in Part I, New York already provides a unified system of kinship services available to informal kinship families. See above NYS Informal Kinship Services pp. 3-4.

In New York State, the system of informal kinship services provides a model of services that minimizes costs and provides a simple system of services for all informal kinship families. The model combines a statewide kinship navigator and local kinship services. The Navigator provides statewide outreach, a help line, a website of resources, specialized information, and limited specialized advocacy. The local programs provide case management services, education, advocacy, and support groups. Both include assistance in helping families access the “child-only” grant. This unified model is capable of sustainability with minimum funding, as demonstrated above.

The Navigator spends about $55 per child, and local services about $466. The Navigator reaches about 6,000 children per year and each kinship program reaches up to 300 children. With a statewide Navigator cost of $220,500 and $100,000 per local program, a combination of state and federal funds can provide statewide coverage as well as case management in targeted communities. This model could provide a system of services in any state, and could be replicated across the nation.

For children in kinship care who are not in foster care, average costs are:

**Cost of Kinship Services**
- The average cost of a statewide kinship navigator program = **$55** per child
- The average cost of local kinship services = **$466** per child
- Cost of unified kinship services program in New York = between **$1,300,000** and **$2,900,000**
- Cost of similar kinship services in all states = **$50,000,000** to **$150,000,000** (federal and state share).

**Conclusion**

Kinship families are part of the child welfare system. They provide safe and stable homes for millions of vulnerable children. Not all kinship families need help, but many are at or near the poverty level, all are caring for children who've lost their parents, and all are invested in the well-being of vulnerable children. A system of services for kinship families should provide services to kinship children at risk of entering foster care and also to all other kinship children whose kinship families are in need of assistance. The proposed Family Stability and Kinship Care Act of 2015 provides for the former, in a cost effective and targeted service system. If a statewide kinship navigator is complimented by limited local services, a unified system of kinship services could address the needs of informal kinship families while avoiding higher foster care costs.
Footnotes For Cost Analysis (excerpted (with revisions) from the NYS KinCare Summit 2011 report, "Kinship Care in New York: Keeping Families Together", Appendix H and I)

1. The cost savings include administrative costs. However, actual administrative costs will depend upon staff case loads, re-assignments, and other administrative factors or the use of a contracting agency. While it is fair to say that the total direct and indirect costs for one child average over $50,000 - for a child who leaves informal kinship care and is placed in foster care, the real cost savings are the amount that transfers to foster parents plus whatever real administrative costs would actually be incurred. Real administrative costs may only occur when an increase in case loads results in a case worker being hired or when payments to an outside contracting agency are made.

2. Not all informal kinship families receive grants. However, for simplicity of analysis the calculation assumes that they do receive child-only grants.

3. Total annual expenditures for child welfare was $2.7 billion.


6. Institutional placements average $81,441; group emergency $98,747; and “hard-to-place” $81,441. Foster parents caring for children with exceptional needs are paid significantly higher maintenance. The exceptional rate can be as high as $1,449 per child per month, a yearly cost of $17,388 for maintenance. See Appendix G in 2005 Report.

7. The number of children in informal kinship care who may fit into these categories is unknown. Numerous studies claim high rates of disabilities for kinship children. See Kinney, McGrew, Nelson, 2003) and Smithgall, C., Mason, S., Michels, L., LiCalsi, C., & Goerge, R. (2006). A study conducted in 1994 found that 70 percent of grandparents reported caring for a child with one or more medical, psychological or behavioral problems. (Lai, & Yuan, 1994). “Over a quarter of the caregivers (27.5%) indicated that the child had a disability.” Gleeson et al. (2008).

8. Additional indirect costs could actually amount to more than $50,000 per year. Indirect costs include investigations, forensics, etc, plus costs not attributable to the child welfare agency (e.g. a family court judge’ average salary $120,000 per year, attorney for the child hourly rate $75 per hour, plus court personnel, legal services, law enforcement, criminal investigations, etc).

9. Over 12% of children placed with kinship foster parents receive the specialized or exceptional rate. OCFS data, April 2009.
10. Kinship foster children = 6,573, or which 5,853 are in New York City, 720 upstate; with 5,777 non-specialized, 575 specialized, 221 exceptional. OCFS data, April 2009.

11. See discussion on contracting agency cost savings, “For counties that now pay administrative overhead fees to contract foster care agencies, the administrative cost savings resulting from the LOS reduction could be as much as $18.8 million (= $32.87 x 573,000) over the full four years.” Pursuing Permanence for Children, Mark F. Testa, PHD, Univ. of School of Social Work, Univ. of North Carolina, June 2010, p. 58-59.

12. New York’s Area Agencies on Aging provide kinship services via discretionary “Caregivers Support Act” funding, administered by the Office of Aging. About 22 counties have programs.

13. FY2011-2012 NYS budget was not determined at the time of publication.

14. The 13 original programs serve an average of 300 children per year. In 2010, the Navigator served over 3,500 children; by 2014 this number increased to 6,000. The eight new programs started up operations in December 2009. The report’s cost analysis relies on the average number of children served and average cost in 13 regional programs.

15. Over 36% of caregivers calling the Navigator have two or more children in their care.


17. Aggregate data is available from the Kinship Navigator.

18. Aggregate data on OCFS kinship programs.


20. See McKinney’s commentary to Family Court Act 1028-a for a discussion on local district tactics to avert foster care placements.


22. The implementation of KinGAP (kinship subsidized guardianship) in April 2011 has so far not significantly increased the number of kinship children leaving foster care and being served by the OCFS kinship programs.

23. Not all informal kinship families receive these grants. However, for simplicity of analysis, the calculations assume that they do receive child-only grants.
References


Center for Human Services Research: Evaluation of NYS Kinship Navigator. Information used with permission of principal investigator.


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