



# Financial well-being in family-based foster care: Exploring variation in income supports for kin and non-kin caregivers in California



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## ABSTRACT

Kinship foster parents have the same responsibilities as nonrelative foster parents and are held to the same standards of rehabilitative care. Nonetheless, their rights to financial supports and their access to other services vary across states depending on the federal eligibility of the child, and/or the licensing criteria caregivers may or may not meet. We know little about the financial supports, well-being, or services of kinship caregivers receiving differential payment schemes and whether or not these financial supports and services make any difference. More fundamentally, in states that operate two- or more -tiered funding schemes for kinship foster parents, we currently cannot even estimate what proportion of kin caregivers receive more, less, or nothing from the government, even though all are entitled to something. Kin and non-kin caregivers in two California counties responded to a written survey focused on the financial wellbeing and income supports available to families. Sources of support were associated with the availability and utilization of other child welfare services for caregivers and for children.

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## 1. Introduction

The large majority of children residing in out-of-home care live in family foster care or with kin. Family foster care has served as the backbone of the child welfare system for almost a century, but for well over three decades, state child welfare agencies have increasingly called upon children's relatives to serve as their substitute caregivers while residing in out-of-home care. Nationally, almost one-third of children (29%) reside in kinship foster care (U.S. Department of Health and Human Services, 2015).

Federal and state policies relating to funding for kinship caregivers has been, at best, ambivalent (Geen & Berrick, 2002). A more critical view offered by Schwartz (2002) would suggest that kinship policy vis-à-vis funding has been values-based and that because U.S. society insufficiently values women, the elderly, and communities of color – the predominant characteristics of kin caregivers – and because personal responsibility is valued over public good, kinship policy has evolved along a separate path from non-kin policy. The notion that kin care is motivated by a sense of filial obligation is also explored by Testa and Slack (2002) with implications for differential payment schemes for caregivers related by law vs. blood. With limited direction offered at the federal level, states have devised different approaches to pay for the care children require (Allen, DeVooght, & Geen, 2008). Federal

funding became available to states following the U.S. Supreme Court's decision in *Youakim v. Miller* (44 U.S. 125, 99 S. Ct. 957 (1979)), which held that states were required to pay foster care board rates to relatives who met foster care licensing requirements and were caring for children who were Title IV-E eligible. The *Youakim V. Miller* decision did not clarify the support that should accrue to kinship foster parents who did not meet foster care licensing requirements, or to those caring for children who were not Title IV-E eligible.

The Adoption and Safe Families Act (ASFA) final rule of 2000 (45 CFR § 1355–1357) clarified that in order to draw down federal funds for Title IV-E eligible kin caregivers, these foster parents were required to submit to the same licensing approval standards as non-kin. As a result, some states changed their foster/kinship policy to only allow kinship foster parents who met the same licensing standards as non-kin foster parents. California, for example, saw a sharp decline in the percentage of children cared for by kin after the implementation of the final rule. In 1999, 42% of California children in out-of-home care were cared for by relatives. Five years later, the percentage had dropped to 33% (Webster et al., 2015). Whether or not the clarification and upgrading of licensing standards made ineligible some former kin caregivers or disallowed potential new caregivers has never been examined. In other states, policy allowed for two types of kinship foster parents: those who could be licensed, and those continuing to serve, but in an unlicensed capacity (and therefore subject to different standards of pay and support) (Beltran & Epstein, 2013).

The *Youakim v. Miller* decision and ASFA final rule have offered some guidance to state policy vis-à-vis kin, but licensing and funding

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for kin caregivers still varies significantly by state (Allen et al., 2008). Prior to 2015, California's license-approved kinship foster caregivers whose children were Title IV-E ineligible were *not* offered a foster care subsidy. Instead, these caregivers were directed to the TANF program for income support, if needed. Caregivers who were income eligible themselves could receive a TANF family grant for themselves and the children in their care. Caregivers who were not income eligible could receive a TANF child-only grant. It should be noted that in California, as in most states, time limits and work requirements typically associated with TANF are waived for child-only cases (Mauldon, Speigman, Sogar, & Stagner, 2012). Caregivers who collect TANF family grants, however, are required to submit to work requirements unless they are over the age of 60 or are caring for a child younger than 24 months (Huber, Cohen, Briggs, & Kassabian, 2015), though time limits do not apply to caregivers of children who are dependents of the court (Minton, Cohen, & Briggs, 2015).

California's approach to a two-tiered payment structure follows many other states that have devised a range of payment strategies for kin caregivers. Many states do not license or formally approve their kin caregivers. As such, these kin are typically only eligible for TANF child-only funding for their relative child (GAO, 2011). The difference in payment amounts in many states is stark. According to the GAO, the national average foster care minimum payment is \$511 per month compared to the national average TANF child-only payment amount of \$249.

In California, the difference between foster care and TANF payments is also substantial. For example, in many California counties, a basic foster care payment for one child ranges from \$657 per month (for children ages 0–4) up to \$820 per month (for youth ages 15–20). A child-only TANF payment is \$351 per month. These differences are made greater by the fact that foster care subsidies are provided on a per-child basis, but TANF payments are adjusted only incrementally by family size. For instance, a caregiver receiving a foster care subsidy for two young children would receive approximately \$1400 per month. A caregiver receiving a TANF child-only payment for the same two children would receive approximately \$577 per month. In addition to these differences in basic foster care and TANF payment amounts, caregivers entitled to a foster care payment would also be eligible for additional financial subsidies and supports such as specialized care increments if the child had special needs, infant supplements, or clothing allowances.

To complicate matters further, some kinship foster parents eligible for TANF child-only payments may refuse them for fear that the child's birth parent will be penalized with a child support obligation (Hatcher, 2008). These caregivers receive nothing from the government to support the foster children in their care. California passed legislation to clarify that child support obligations are waived when caregivers receive foster care payments if the imposition of child support would interfere with reunification goals (Section 17,552 of the Family Code); these waivers are not available with regard to TANF child-only funds, however.

In an effort to make more similar the funding amounts for kin and non-kin foster caregivers in California, Governor Brown established the Approved Relative Care Funding Option (ARC) in 2014, allowing counties that elected to opt-in to offer full foster care subsidies to relative caregivers previously ineligible for such payments. Over three-quarters of counties elected to participate and in 2015 began to develop strategies for outreach to kin caregivers to offer these additional financial supports.

Although the ARC offers an important step toward greater similarity in payment subsidies for kin, variability still prevails, suggesting a potentially confusing array of funding options both to caregivers and the social workers responsible for implementing policy. The result in California is a *four-tiered* subsidy structure for foster parents. (See Table 1) In other states where they may have a mix of license-approved kin and unlicensed kin, the variability in subsidy opportunities may be even greater still.

**Table 1**  
The four-tiered subsidy structure for California foster parents.<sup>a</sup>

Type of caregiver	Type of subsidy
Non-kin foster parent of Title IV-E eligible or ineligible child	Foster care payment
License-approved kinship foster parent of Title IV-E eligible child	
License-approved kinship foster parent of Title IV-E ineligible child in 77% of counties	
License-approved kinship foster parent of Title IV-E ineligible child in 22% of counties	TANF family grant if caregiver is income eligible TANF child-only grant if caregiver is income ineligible No subsidies – if caregiver refuses payment due to concerns about child support obligations imposed on a son or daughter.

<sup>a</sup> California does not allow unlicensed kinship providers to care for Title IV-E eligible or ineligible children.

In addition to these differences in financial support, some caregivers receive other financial subsidies from the government, which might include SNAP (food stamps), Medicaid, Medicare (if elderly), housing subsidies, gas & electric subsidies, childcare subsidies, EITC, SSI, or Social Security. These packages of support may be unevenly distributed among caregivers, many of whom may present as having similar need.

In addition to the financial inequalities within the kin caregiver population and between kin and non-kin, research from the U.S. and the U.K. shows substantial differences in access to services for children placed with kinship foster parents. It appears that kinship caregivers are less likely to request services from the local child welfare agency, but they are also less likely to be offered services (Berrick, Barth, & Needell, 1994; Chipungu & Everett, 1994 as cited in Geen, 2003). Two studies, though dated, indicate that kinship foster parents may be less likely to receive the services they request from the child welfare agency (Chipungu, Everett, Verduk, & Jones, 1998; LeProhn & Pecora, 1994). Sakai, Lin, and Flores (2011) have replicated these findings. They found that the service differential between kinship foster parents and non-relative foster parents was approximately 1 to 4 for parent training and 1 to 7 for access to respite care and support groups.

Evidence from the U.K. suggests that the paucity of services available to kinship foster parents may contribute to feelings of stress in caring for children (Farmer, 2009); other studies point to the significant burden grandparents may experience in caring for their relative children (Dolbin-MacNab, 2006; Minkler, Roe, & Price, 1992; Smith-Ruiz, 2009), especially those caring for foster children with access to a child-only subsidy (Blair & Taylor, 2008). Studies have yet to examine the extent to which service receipt is influenced by factors unrelated to the offerings of child welfare workers (e.g., access to services, knowledge about services, culturally responsive offers and outreach, the perceived affordability of services). What also remains unknown is whether the service differentials found in prior research are related not only to the type of caregiver (i.e., kin vs. non-kin), but also to the payment subsidy level caregivers receive.

Available evidence on the characteristics of kinship foster parents suggests that they are a relatively homogenous group. The large majority hail from socially disadvantaged backgrounds with large numbers living in poverty, having secured a high school diploma or less, and living in single-parent households. Although dated, one study from 2002 showed that approximately one-third of kinship households had annual incomes below the poverty line and that two-thirds had incomes below 200% of the poverty line (Ehrle & Geen, 2002). Given their relatively similar circumstances, the differences in subsidy rates to assist kinship

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