

Subsidized Guardianship and Permanence

To address the permanency needs of children in long-term foster care, IDCFS sought federal funding through waiver authority in 1995, to provide a IV-E subsidized guardianship program extending subsidies to a randomized group of eligible caregivers for assuming private guardianship of foster children who otherwise would have remained in foster care.

In September 1996, HHS approved Illinois' Subsidized Guardianship Waiver Demonstration and the statewide program officially began in May 1997. The waiver was designed to assess whether availability of federal subsidies for private guardianship increases the number of children discharged to permanent homes with relatives or foster parents.

Eligibility

To be assessed for the guardianship option, children had to meet minimum eligibility requirements. Children in relative placements achieved minimum eligibility when in the foster care system for two years (In July 2001 the requirement changed to one year) and in the home of a caregiver for one year. Children in non-relative placements also had to be 12 years of age or older. Once eligibility was established, IDCFS provided an assessment to determine the clinical appropriateness of the option.

Findings

As of July 2002, the demonstration had enabled over 7,335 children to achieve permanency. Evaluations by the Office of the IDCFS Research Director¹ and the independent evaluator, Westat², found the availability of subsidized guardianship 1) increased permanent placements for children in foster care by 6.4 percentage points and 2) increased permanency rates without adversely affecting the safety and well-being of children discharged to private guardianship.³ Three key findings of the demonstration follow.⁴

1. Fewer children remained in long-term foster care with ongoing administration oversight.

For the 6,757 age-eligible children ever assigned to the IV-E waiver prior to January 1, 1999, the combined permanency rate (reunification, adoption, and guardianship) achieved as of March 2002, was 71.8 % in the cost-neutrality group and 77.9% in the demonstration group. Comparing the permanency rate in the cost-neutrality with the demonstration group suggests that the availability of guardianship boosted net permanence by 6.1% percent.

Random assignment ensured that virtually all of the difference in legal permanence was accounted for by subsidized guardianship, which contributed 16.7 percentage points to the combined permanency rate in the demonstration group. The reunification rate was statistically equivalent in both the cost-neutrality and the demonstration group (9.7% vs. 9.4%). As of March 2002, 25.7 percent of children in the cost-neutrality group had aged out or still remained in long-term foster care compared to 19.7% in the demonstration group. This mean difference of 5.9 percent is statistically significant at the .02 level.

2. Children did not experience increased placement stability.

Children discharged to the permanent homes of adoptive parents and legal guardians exhibit higher rates of placement stability than children remaining in foster care. Reasons are that, in addition to the legal commitment made by permanent caregivers, children in foster care can be moved at the discretion of child welfare agencies while children in legally permanent homes can only be moved by a decision of the court. Thus, expectations were for children in the demonstration group to exhibit



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a higher overall rate of placement stability than children in the cost-neutrality group.

For the 6,757 age-eligible children noted previously, the proportion of children still living in the same home to which they were originally assigned was 67.3% in the cost-neutrality group and 68.7% in the demonstration group. While children in the cost-neutrality group were slightly more likely to move than children in the demonstration group, the small difference of 1.5 percentage points is not large enough to discount chance fluctuation as the source of difference.

The lack of an intervention effect suggests that the degree of placement stability may be determined by factors independent of the legal relationship between child and caregiver. Analysis by the independent evaluator indicates that kinship is a common denominator contributing to stability in both the cost-neutrality and demonstration group regardless of whether the child remains in kinship foster care or relatives adopt or choose the option of subsidized guardianship.

3. Withdrawal of regular administrative oversight and casework services from the families in the subsidized guardianship program did not increase the rate of indicated subsequent reports of abuse or neglect.

While availability of subsidized guardianship is shown to boost legal permanence and results in no less stability, concern remained that children might be at greater risk of harm. To evaluate this possibility, children were tracked for reports and indicated findings of abuse and neglect through the IDCFS Child and Neglect Tracking System (CANTS).

For the same 6,757 children, the overall proportion having a subsequent substantiated report of abuse and neglect was 6.1% in the cost-neutrality group and 4.7% in the demonstration group. Contrary to early concerns, fewer findings of abuse and neglect occurred in the demonstration group than in the cost-neutrality group. In fact, subsequent indicated abuse and neglect was lowest among children eventually discharged to private guardians, 3.0% compared to 3.9% for adopted children, 7.7 % for children who aged out or remained in foster care, and 8.8% for children reunified with their birth parent.

Cost-Neutrality

The Social Security Act requires that IV-E waiver demonstrations be cost neutral. The total of federal funds used to support a demonstration over the approved project period must not exceed the total of federal funds that would have been expended by the state in the absence of the demonstration.

Waiver terms and conditions specify that determination of cost neutrality will rely on an analysis of the costs of cases within the control groups. The average allowable IV-E costs of a case in the control group is assumed to

estimate the amount that would have been spent on each experimental case in the absence of the demonstration and is used as the baseline for assessing cost neutrality.

The cumulative mean IV-E expenditure as of March 31, 2002 in the cost-neutrality group was \$10,637 per child for foster care maintenance payments and \$7,919 per child for adoption maintenance payments. When multiplied by the 30,781 children ever assigned to the demonstration group and accounting for the adjustment factor, a IV-E foster care maintenance claim of \$346.9 million and a IV-E adoption maintenance claim of \$258.3 million is generated. The actual IV-E maintenance costs in the demonstration group were \$349.7 million for foster care and \$135.9 million for adoption. Since the sum of the actual IV-E costs was less than the sum of IV-E maintenance claims, the waiver proved cost neutral and showed a surplus of approximately \$113.5 million. On the IV-E administrative side, the calculations showed a surplus of approximately \$54.4 million.

Conclusion and Next Steps

The evidence establishes subsidized guardianship as a cost-effective arrangement that supports achievement of permanency, safety, and child well being. Despite the program's success, the full potential of achieving permanency through guardianship remains to be realized, especially for thousands of wards aged 14 and older likely to age out of the system. To meet the challenge of achieving permanency for older wards, the Children and Family Research Center helped the Illinois Department of Children and Family Services negotiate an extension of the subsidized guardianship waiver demonstration to target permanency for older youth. The extension referred to as the **Enhanced Subsidized Guardianship Program** or the **Older Wards Waiver Demonstration** will build on the established success of the original demonstration and specifically enable Illinois to test the efficacy and impact of offering transition programs currently available only to youth who age out of care as post-permanency services to youth adopted or entering subsidized guardianship at or after the age of 14.

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Footnotes:

¹ Testa, M. (2002). "Subsidized guardianship: Testing an idea whose time has finally come." *Social Work Research*, 26(3), 145-158.

² Westat. Evaluation of the Illinois Subsidized Guardianship Waiver Demonstration-Preliminary Findings." Prepared for the Illinois Department of Children and Family Services. December 15, 1999.

³ Testa, M. & Cook R. "The comparative safety, attachment, and well-being of children in kinship adoption, guardianship, and foster homes." Paper presented at Annual Research Conference, APPAM, Washington DC. November 3, 2001.

⁴ Testa, M., Cohen, L. and Smith, G. in collaboration with Westat. "Illinois Subsidized Guardianship Waiver Demonstration Final Evaluation Report." Revised 2003.