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Understanding Adoption Subsidies: An Analysis of AFCARS Data

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Prepared for

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Executive Summary

BACKGROUND

Adoption subsidies are perhaps the single-most powerful tool by which the child welfare system can encourage adoption and support adoptive families. Yet little is known about the factors associated with the receipt and amount of subsidies. Data from the Adoption and Foster Care Analysis and Reporting System (AFCARS) offer an opportunity to examine how states use adoption subsidies to help achieve goals of permanency and well-being for children. Of particular interest to this study are patterns of subsidy receipt, the role of federal support for adoption subsidies under Title IV-E, and the relationship between adoption subsidies and adoption outcomes, including the rate of adoptions among eligible children and the timeliness of adoption.

RESEARCH QUESTIONS AND METHODS

The goal of the analyses is to explore patterns of subsidy receipt, and how subsidies are related to adoption outcomes such as the rate of adoptions among eligible children and how quickly eligible children are adopted. Questions of interest include the extent and funding of subsidies; the relationship between children's characteristics, foster care experiences, and subsidy receipt and amount; and variations among states in subsidy practice.

These analyses use AFCARS data representing all adoptions during the years FY 1999 to FY 2001, with additional data from the AFCARS foster care file for 2001. Three types of analyses are presented:

- descriptive analyses of both national trends and variations among states;
- correlations among state-level measures, examining relationships among state subsidy practice and adoption outcomes; and

- multivariate analyses addressing the relationship of child, family, and state characteristics to subsidy receipt and subsidy amount.
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FINDINGS

At the national level, subsidy practice shows some clear patterns in relation to characteristics of adopted children and adoptive families. However, the variations among states are equally striking. The following key findings represent both national patterns and variations among states:

Nearly all children adopted from foster care in recent years received an adoption subsidy. Nationally, 88 percent of children adopted in FY 2001 received an adoption subsidy, with subsidy receipt ranging from 13 percent to 100 percent across states. Nearly all adopted children (88 percent) were identified as having special needs, such as age, that would have otherwise precluded adoption.

The median monthly adoption subsidy was \$444 per month. At the state level, median subsidies ranged from \$171 to \$876 monthly. Although states have the option of offering deferred payment agreements, fewer than 1 percent of adopted children were shown as having an adoption assistance agreement and receiving a subsidy of \$0 or \$1.

Among newly adopted children receiving subsidies, 84 percent received federal adoption assistance through Title IV-E. States with higher rates of IV-E eligibility provided subsidies to more children. Multivariate analyses found associations between IV-E eligibility and subsidy receipt and amount. States with higher federal matching rates for IV-E adoption assistance offered lower subsidy amounts, suggesting that even augmented federal contributions did not offset limited financial resources within these states.

Children's age and special needs status influenced subsidy receipt and amount. Older children were more likely to receive subsidies, and to receive larger subsidies; race and ethnicity did not influence subsidies. Among children who received a subsidy, boys received slightly higher subsidies than did girls.

Pre-adoptive relationship and other characteristics of adoptive families influenced children's subsidies. Children adopted by foster parents were more likely to receive subsidies than others. They also

received higher subsidies than children adopted by relatives. Children adopted by Hispanic mothers received lower subsidies than those whose adoptive mothers were non-Hispanic whites. Children adopted by single females received higher subsidies than those adopted by married couples. These findings suggest the influence of both family needs and adoptive parents' ability to advocate on subsidy decisions.

Analyses found some support for associations between subsidies and adoption outcomes. State-level analyses show a significant correlation between subsidy receipt and the percent of each state's eligible children who are adopted. Multivariate analysis found that children living in states where the median time to adoption was longer were more likely to receive subsidies, and received higher subsidies. Possibly, states are using subsidies strategically to address the backlog of waiting children in foster care and meet their adoption goals.

The limitations of the AFCARS data set suggest that more compelling analyses may be found within state administrative databases, with greater opportunities to compare children's foster care and adoption experiences. However, the comprehensive scope of AFCARS supports analyses that provide an overview of how subsidies are used to encourage permanency for children who might otherwise remain in foster care, as well as the diversity of practice among states.