



# The Approved Relative Caregiver Funding Option Program

A win-win for California's counties to support foster children in relative homes and decrease the need for expensive foster placements

Counties should take advantage of the new Approved Relative Caregiver Funding Option Program (ARC) in order to better support foster children in the home of relatives.

39% of California's foster children are in the home of a relative caregiver.

27% are placed through an FFA.

6.6% are in group homes.

**Opting into ARC will provide counties with a base grant (100% state funds) to cover the cost of supporting youth who are not eligible for federal foster care funding and placed in the home of a relative.**

These additional funds will result in increased placement stability and improved child outcomes, cost savings to the county by reducing reliance on more expensive placements, and administrative efficiencies.

## Increased Placement Stability and Improved Child Outcomes



**Supporting Relatives who Step Up:** Relatives are the backbone of our child welfare system and relatives who step up to care for foster children should receive the same level of financial support as other foster parents.



**Increased Support Leads to Increased Placement Stability:** Increasing support to foster children in relative placements increases the stability of these placements.



**Increased Stability Leads to Permanency:** Youth in stable placements with relatives are more likely to achieve permanency, the primary goal of our child welfare system, through reunification, guardianship or adoption.



**Improved Child Outcomes:** Research indicates that modest investments in vulnerable families achieves concrete improvements in youth outcomes:

- Research demonstrates that small increases in the monthly stipends to support families who are impacted by poverty improves child well-being, health outcomes, memory, and executive functioning for children.<sup>1</sup>
- A recent study found that an additional \$195 dollars in monthly household income during adolescence was associated with a 7% greater likelihood of the youth graduating from high school.<sup>2</sup>

## Cost Savings to the County



**Stabilizing Family Placements Reduces Reliance on Expensive Group Homes and FFAs:** Research shows that stabilizing family placements helps to reduce placements in congregate care.<sup>3</sup>



**Reduction in Group Home Placements:** Because group homes are so expensive, the cost savings to the county are substantial even if we assume only an incredibly small reduction in group home utilization.

<sup>1</sup> [http://opinionator.blogs.nytimes.com/2014/01/18/what-happens-when-the-poor-receive-a-stipend/?\\_php=true&\\_type=blogs&emc=eta1&\\_r=0](http://opinionator.blogs.nytimes.com/2014/01/18/what-happens-when-the-poor-receive-a-stipend/?_php=true&_type=blogs&emc=eta1&_r=0).

<sup>2</sup> Nelson, J. G., Gibson, P. A., & Bauer, J. W. (2010) Kinship Care and "Child-Only" Welfare Grants: Low participation despite potential benefits. *Journal of Family Social Work*, 13, 3-24)

<sup>3</sup> Annie E. Casey Foundation, Rightsizing Congregate Care, 2010



For every 1 youth that a county moves out of a group home and into a relative's home, the county saves enough money to pay the cost of care for 10 children in a relative placement. Thus, a very small reduction of the group home population will yield enough savings to cover a 10-fold increase in the number of relative placements.



**Reduction in FFA Placements:** FFA placements are over double the cost of placing a child into a relative's home. Thus, increasing reliance on relatives saves the county funds in any other placement setting. These savings will enable the county to pay any cost of relative placement that is above and beyond the base caseload.



**Lower Cost Alternatives for Hard to Place Youth:** Older youth and youth on probation are disproportionately placed in group homes. In order to reduce group home use among older and probation youth, there must be viable placement alternatives. Providing equitable funding for relatives will create an alternative and, more appropriate, community placement for older and probation youth. This would result in cost savings by moving these youth from group homes to relative placements.



**Cost Savings from Achieving Permanency:** Increased funding will improve placement stability and allow more youth in relative placements to achieve permanency. Achieving permanency results in costs savings to the county by reunifying youth or moving them to KinGAP or AAP.



**Cost Savings from Growth in Relative Placements:** Growth in relative placement are unlikely to result in increased costs to the county. That is because the new program will only result in growth in the number of youth placed with relatives if the county stabilizes more youth in relative homes and moves youth out of more expensive placements. Growing the population of youth placed with relatives through these mechanisms actually results in additional SAVINGS to the county, even though the county is responsible for the cost of placement for the population that exceeds the base caseload. The ARC program itself should have no impact on the overall number of youth in foster care, as both the county and the courts are the gatekeepers in terms of assessing a youth's need for foster care.

## Increased Administrative Efficiency

Providing equitable funding to foster youth placed with relatives also improves administration of the child welfare program by:

<p><b>1</b> Simplifying benefit eligibility rules and determinations.</p>	<p>Reducing the number of administrative hearings filed on behalf of these youth in order to challenge erroneous federal eligibility determinations.</p>	<p>Eliminating the need for separate Medi-Cal aid codes to track those foster children receiving CalWORKs benefits.</p>	<p>Expediting benefits eligibility determinations and ensuring relatives receive support reducing the costs associated with placement instability.</p>
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