

CBO TESTIMONY

Statement of
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Congressional Budget Office

before the
Subcommittee on Human Resources
Committee on Ways and Means
U.S. House of Representatives

March 19, 1991

NOTICE

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CONGRESSIONAL BUDGET OFFICE
SECOND AND D STREETS. S.W.
WASHINGTON, D.C. 20515

Mr. Chairman, I appreciate this opportunity to appear before the Subcommittee to discuss an analysis by the Congressional Budget Office (CBO) of growth trends in foster care. Federal costs for this entitlement program have doubled in the last five years, increasing from \$550 million in 1985 to \$1.1 billion in 1989. CBO analyzed this growth and found that both caseload and costs per child have grown rapidly in recent years. If no change is made in current policy and this growth continues, costs will rise to \$2.3 billion in 1992 and \$4.2 billion in 1996.

The federal foster care program authorized under Title IV-E of the Social Security Act is an open-ended entitlement program that provides federal matching funds to assist states in providing foster care to children who meet certain eligibility requirements. Each state administers its own program within the federal mandates established in Title IV of the Social Security Act.

Federal data collection in this area is quite limited. The CBO analysis focuses on three measures of program activity that are reported to the Department of Health and Human Services (HHS): average monthly caseload; annual federal costs for maintenance payments; and annual federal costs for other expenses, including administration, services, and training.

The major findings of CBO's analysis of caseload and costs can be summarized as follows:

- 1) The number of children in foster care has increased significantly since 1985, with the growth rate accelerating since 1987. Annual rates of growth averaged 15

percent between 1987 and 1989. Most states have experienced this growth in caseload.

2) Costs for maintenance payments have increased more rapidly than increases in caseload. Average monthly costs per child were \$350 in federal costs and \$658 in total costs in 1989.

3) Costs for administration, services, and training have increased much more rapidly than either caseload or maintenance payments. Many states have experienced a sharp increase in costs at some point in the past decade; in two dozen states, the annual increase in average costs per child exceeded 1,000 percent in at least one year.

4) Caseload and costs vary significantly among the states. Two states, California and New York, account for 45 percent of the caseload. Average costs per child for maintenance payments vary from \$91 per month to a reported \$1,885 per month in federal costs. Average federal costs for administration, services, and training range among states from \$5 per month to more than \$1,000 per month.

These four findings are presented in more detail in the set of tables and figures included in this testimony and in a series of state figures attached as an appendix. The data for this analysis were provided by HHS and, in a few cases, are not final because of unresolved payment disputes between the states and HHS.

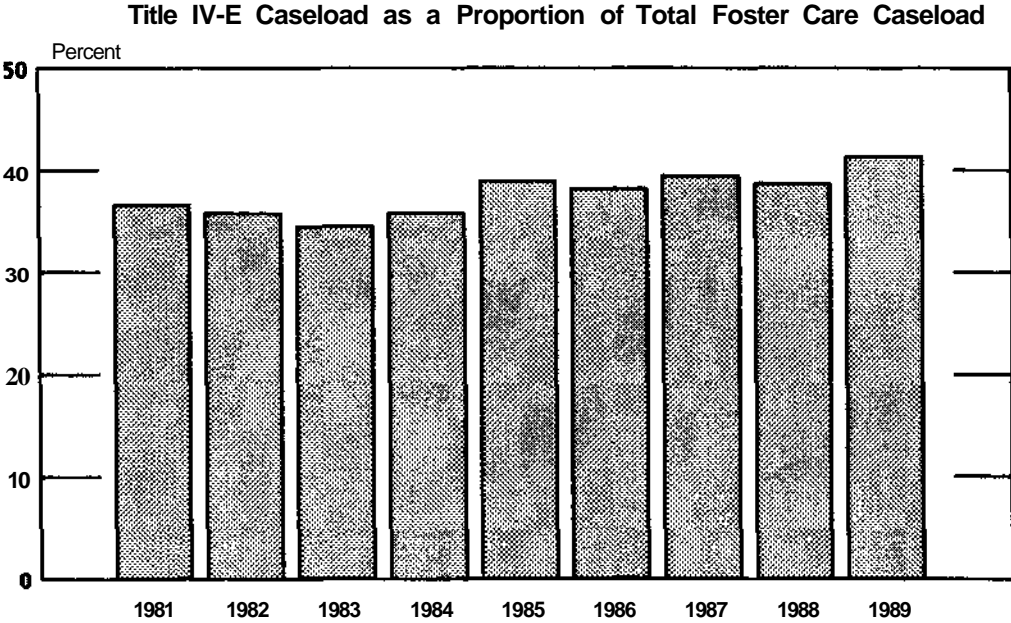
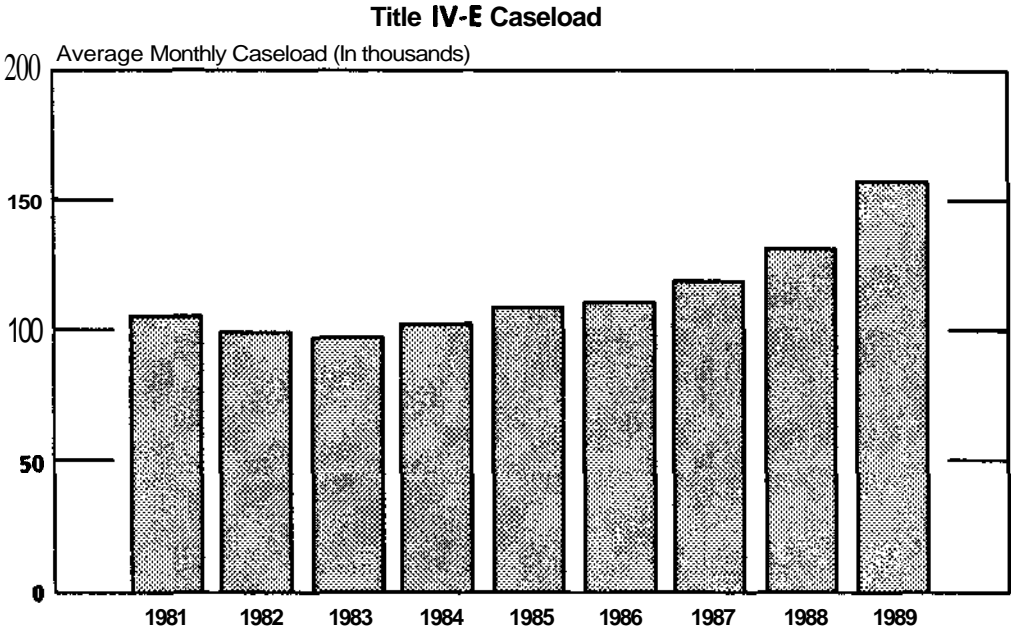
Title IV-E Caseload

The number of children in the federal foster care program has grown since 1981, when the Title IV-E program was established. The average monthly caseload was relatively flat between 1981 and 1984, hovering around 100,000 children, as the top panel of Figure 1 shows. The caseload began to rise around 1985 and grew to over 156,000 children in 1989. The growth rates were particularly high between 1987 and 1989, averaging 15 percent annually. Preliminary data suggest that the high-growth rates have continued into 1990.

Testimony in other hearings before this subcommittee has suggested that some of the growth in foster care caseload is because of increased substance abuse among women, particularly crack cocaine. The CBO analysis cannot prove or disprove the connection between crack cocaine and foster care placements, but the graph in Figure 1 does show that the caseload growth has accelerated since 1987, shortly after the spread of crack cocaine in the United States.

Some analysts have suspected that the number of children in federal foster care has grown because of shifts in placements from state foster care programs to the federal program. Eligibility for federal subsidies under Title IV-E is limited to children who are determined to be eligible for Aid to Families with Dependent Children (AFDC); states can often increase the proportion of children qualifying for federal assistance by spending more time examining children in state foster care for unrecognized federal eligibility. The lower panel in Figure 1 shows that the

Figure 1.
Foster Care Caseload



SOURCE: Congressional Budget Office.

proportion of total foster care caseload that qualified for federal assistance grew from an average of 36 percent in the 1981-1984 period to an average of 39 percent in the 1985-1989 period.¹ This relatively slow growth in the proportion of foster care children receiving federal subsidies indicates that the growth in federal caseload has been accompanied by large growth in many state foster care caseloads. The total caseload (federal and state) grew from an estimated 265,000 in 1985 to approximately 360,000 in 1989. The sheer number of children in the foster care system is a large factor contributing to the common view that foster care is a "system in crisis."

State-by-State Variations. The number of children in Title IV-E foster care are widely different among states, as Table 1 shows. The table lists states by size of Title IV-E caseload in 1989. With caseloads of approximately 35,000 each, California and New York top the list, and together represent 45 percent of the children in federal foster care but only 19 percent of all children under 18.

Representing the number of children in Title IV-E foster care as a proportion of the total number of children under 18 in each state is one way to compare the caseload among states. The Title IV-E placement rates calculated by CBO vary considerably. New York and California have the highest and third highest rates in the country, 8.0 and 4.6 per 1,000 children, respectively. The mean

1. The proportion of children eligible for Title IV-E was estimated by dividing the reported Title IV-E caseload by estimates of total foster care population, and multiplying by 0.95 to adjust for differences between average monthly reporting and single-day reporting.

TABLE 1. TITLE IV--E FOSTER CARE CASELOAD (By state, ranked by size of caseload in 1989)

State	Average Monthly Caseload				Average Annual Growth (Percent)	
	1981	1985	1987	1989	1981-1987	1987-1989
United States	104,862	108,373	118,549	156,555	2	15
California	16,708	21,309	27,531	35,659	9	14
New York	20,173	17,622	17,866	34,607	-2	39
Pennsylvania	5,359	7,000	7,739	9,638	6	12
Illinois	5,529	4,206	6,503	8,578	3	15
Michigan	5,785	6,492	7,036	7,914	3	6
Ohio	3,529	4,138	4,260	4,513	3	3
Texas	2,661	2,814	2,919	3,588	2	11
Wisconsin	2,956	2,436	2,765	3,174	-1	7
New Jersey	1,615	3,977	3,377	3,064	13	-5
Louisiana	1,766	2,115	2,466	3,061	6	11
Washington	812	1,012	1,114	2,477	5	49
Florida	1,151	1,308	1,618	2,464	6	23
Georgia	1,329	1,750	2,074	2,244	8	4
Missouri	2,098	2,076	2,178	2,139	1	-1
Oregon	1,314	1,238	1,449	2,067	2	19
Minnesota	1,699	1,738	1,709	2,030	0	9
Massachusetts	1,801	898	896	2,021	-11	50
Virginia	2,263	1,929	1,778	1,986	-4	6
Colorado	529	1,804	1,551	1,866	20	10
Connecticut	775	1,086	1,149	1,646	7	20
Tennessee	1,764	1,063	1,044	1,586	-8	23
Indiana	1,676	1,368	1,344	1,559	-4	8
North Carolina	1,731	1,425	1,368	1,557	-4	7
Kentucky	1,286	1,587	1,514	1,509	3	-0
Kansas	3,308	1,096	1,082	1,167	-17	4
Iowa	651	707	1,175	1,157	10	1
South Carolina	534	862	1,071	1,123	12	2
Alabama	1,549	1,521	1,334	1,119	-2	-8
West Virginia	605	1,039	681	1,004	2	21
Nebraska	594	743	876	924	7	3
Maryland	2,308	1,595	1,265	869	-10	-17
Maine	1,145	681	691	815	-8	9
Oklahoma	722	1,013	951	732	5	-12
Vermont	269	469	647	728	16	6
Arizona	619	476	524	694	-3	15
Mississippi	878	761	617	673	-6	4
New Mexico	180	524	682	557	25	-10
New Hampshire	484	469	500	444	1	-6
Utah	230	325	303	436	5	20
Nevada	209	213	327	436	8	15
Rhode Island	433	358	467	427	1	-4
Arkansas	395	455	385	372	-0	-2
Montana	251	313	333	325	5	-1
North Dakota	336	262	280	309	-3	5
Idaho	199	166	160	272	-4	30
Alaska	56	2	80	253	6	78
Delaware	273	337	243	244	-2	0
South Dakota	400	281	233	210	-9	-5
District of Columbia	1,865	1,186	269	178	-28	-19
Wyoming	39	93	85	104	14	10
Hawaii	21	35	42	42	12	-1

SOURCE: Congressional Budget Office using data from the Department of Health and Human Services, Administration of Children, Youth, and Families, March 1991.

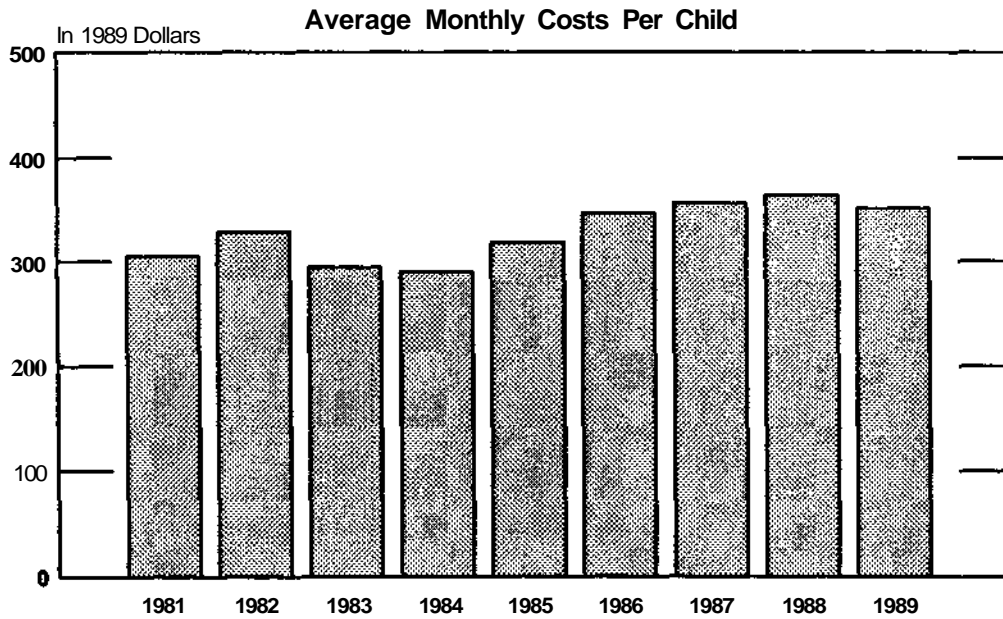
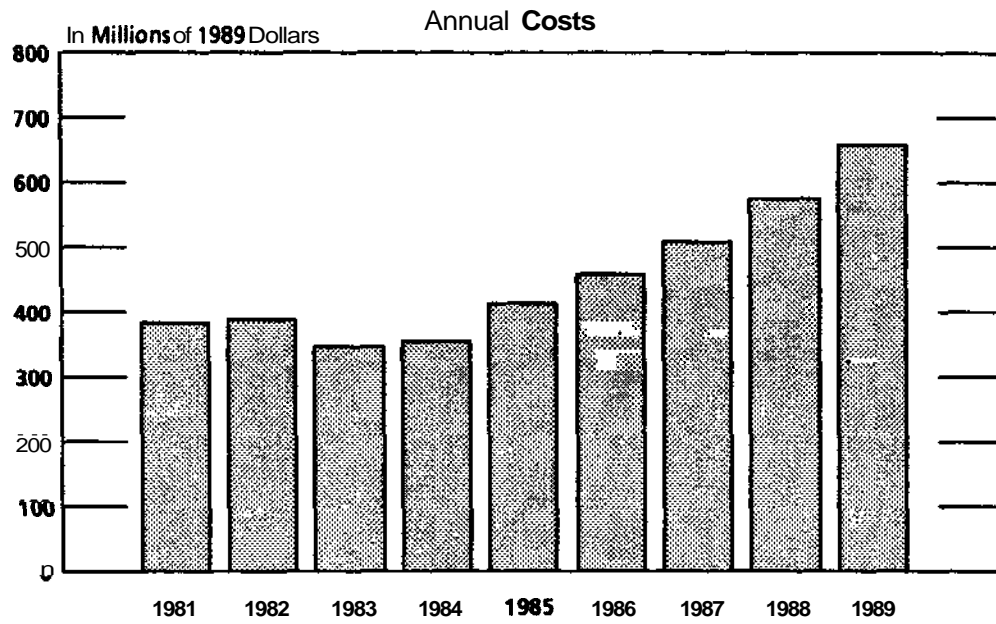
placement is only 2.4; the median placement rate is even lower, 1.6 per 1,000 children. Hawaii has the lowest placement rate, only 0.1 per 1,000 children.

Differences in state eligibility rules for AFDC and associated differences in the proportion of the total caseload that qualify for federal Title IV-E assistance explain some of the difference in Title IV-E placement rates. In 1988, the proportion of foster care children that qualified for federal assistance averaged 40 percent nationally, but ranged from 64 percent in Michigan to 3 percent in Hawaii, with both California and New York at 48 percent. Other differences in placement rates could result from geographic variations in the incidence and/or detection of abuse and neglect, as well as different state laws, philosophies, and practices affecting the delivery of child protective services and the frequency of foster care placements.

Title IV-E Maintenance Payments

CBO's analysis of maintenance costs reveals the same two themes as the analysis of caseload: a national trend of high growth, accompanied by significant variations among states. The federal share of maintenance payments increased in a pattern similar to caseload--relatively flat for the first few years, and then rising, with more rapid growth since 1987, as shown in the top panel of Figure 2. By 1989, the federal costs for maintenance payments had reached over \$650 million. These payments are made to foster families, group homes, and institutions for the care of children,

Figure 2.
Title IV-E Maintenance Payments



SOURCE: Congressional Budget Office.

including the costs of food, clothing, shelter, daily supervision, and other expenses. All costs are shown in 1989 dollars; the figures show the real growth, above inflation.

Whether the growth in maintenance payments simply mirrors the growth in caseload is hard to tell from the first panel of Figure 2. Real growth in average costs per child has occurred, above growth due to inflation or caseload, as the second panel in Figure 2 shows. Real monthly costs per child rose from an average of \$305 in 1981 to \$350 in 1989. Some fluctuations occur from year to year, but the overall average growth rate is around 2 percent annually. Preliminary data for 1990 show a substantial increase from 1989 and reverses what otherwise might appear to be a slowing of this growth.

An average federal cost of \$350 per month means total costs per child were \$658 per month in 1989. The federal share of maintenance payments is the same as in Medicaid or AFDC, varying from state to state and averaging about 53 percent nationally. At first glance, a cost of \$658 per month may seem surprisingly high. A survey of basic rates paid to foster families, conducted by the American Public Welfare Association (APWA), reported that rates varied by age and among states but averaged around \$300 per month in 1989. What drives up the average cost to more than twice that amount?

High costs for placements in group homes and institutions drive up total and average costs. In California, only 22 percent of the Title IV-E children were placed in group homes or institutions in 1989, but these placements accounted for 63

percent of foster care payments. Group home and institutional rates in the state ranged from \$1,200 to over \$3,000 per month, with an average cost of \$2,600 for Title IV-E children. Supplemental payments paid to foster families caring for children who require specialized care because of severe medical or emotional needs also cause average costs to rise above the reported base rates. A study of maintenance payments in five states found that supplemental allowances generally ranged from \$50 to \$150 in 1987, but sometimes exceeded \$800 per month.

Increases in group home rates and in supplemental payments may help explain the 2 percent real growth in average payments over the past several years. Rates in group homes and institutions are probably increasing more rapidly than inflation; average group home rates increased 9 percent annually in California between 1985 and 1989. States are also probably making more supplemental payments for specialized care in foster families, in response to increases in the severity of problems of the children entering foster care. In addition, the basic rates could be increasing more than inflation, as states struggle to recruit foster care parents.² Since none of these trends show signs of reversal, foster care payments are likely to continue to grow more rapidly than caseload and inflation over the next several years.

2. Another **theory**, that average costs have increased because of an increased utilization of group homes and institutions, is not supported by data from the two largest states. The proportion of placements in congregate care has decreased in both California and New York in recent years.

State-by-State Variations. Average maintenance payments vary significantly by state, as shown in Table 2, which ranks states by the size of payment per child in 1989. Federal costs per child appear to range from \$1,885 per month in the District of Columbia to \$91 per month in Idaho. If the District of Columbia is excluded, the highest cost would be \$629 in West Virginia, still seven times greater than the \$91 cost in Idaho. The median payment is \$266 (in Oregon), and the average is \$350. High costs in New York and California, the two largest states, drive the national average payment above the median payment.

The wide variation in average federal costs per child results from a combination of factors. The APWA survey reported that basic foster family rates for a child age 9 varied in 1989 from a low of **\$165** in Mississippi to a high of \$574 in Alaska, a 350 percent difference. The range in rates reflects geographic differences in costs of living and differences in budgetary policies among states. Institutional rates and supplemental payments for specialized care may vary in a similar manner, but they have not been surveyed nationally. The proportion of children in group homes and institutions varies among the states; data from 38 states suggest that in 1985 congregate care placements varied from 13 percent to 42 percent of total foster care placements outside the child's home. Similar variation may exist in the proportion of children receiving supplemental payments. Some states may include a broader category of activities in the definition of maintenance payments.

TABLE 2. AVERAGE FEDERAL COSTS PER CHILD PER MONTH FOR TITLE IV-E
MAINTENANCE PAYMENTS (In 1989 dollars, with states ranked by costs in 1989)

State	1981	1985	1987	1989	Average Annual Growth, 1981-1989 (Percent)
United States	305	317	357	350	2
District of Columbia	385	363	1,418	1,885	22
West Virginia	210	355	507	629	15
New York	600	574	714	508	-2
Maryland	151	210	315	500	16
Michigan	260	403	482	473	8
Pennsylvania	604	465	435	467	-3
Rhode Island	248	183	281	466	8
Kentucky	138	274	345	408	15
Alaska	456	597	425	392	-2
Minnesota	297	277	337	377	3
North Dakota	216	266	311	353	6
Maine	220	203	322	334	5
Connecticut	226	151	226	328	5
South Dakota	167	188	268	325	9
California	316	314	322	313	-0
Utah	205	147	123	303	5
Montana	355	311	371	303	-2
Vermont	260	235	258	303	2
Ohio	103	191	259	302	14
Texas	240	239	238	300	3
Kansas	122	248	260	297	12
Missouri	111	206	240	291	13
Wisconsin	299	303	276	287	-0
Oklahoma	186	220	253	286	6
Massachusetts	175	279	321	278	6
Oregon	289	264	308	266	-1
Wyoming	188	150	326	260	4
Louisiana	199	278	264	256	3
New Hampshire	139	146	82	249	8
New Mexico	68	243	251	246	18
Florida	157	200	231	243	6
Illinois	139	218	223	239	7
Nebraska	230	217	228	239	0
Georgia	161	231	225	222	4
Delaware	143	125	151	214	5
Tennessee	127	151	178	195	5
New Jersey	134	173	177	193	5
Iowa	168	171	164	185	1
Washington	176	171	315	184	1
Arizona	146	250	237	173	2
South Carolina	120	161	147	169	4
Virginia	132	133	163	162	3
Nevada	209	155	156	149	-4
Hawaii	107	122	132	147	4
Colorado	162	133	175	140	-2
North Carolina	127	126	144	133	1
Alabama	123	144	130	130	1
Arkansas	137	113	136	124	-1
Mississippi	123	125	119	115	-1
Indiana	63	60	67	96	5
Idaho	156	101	213	91	-7

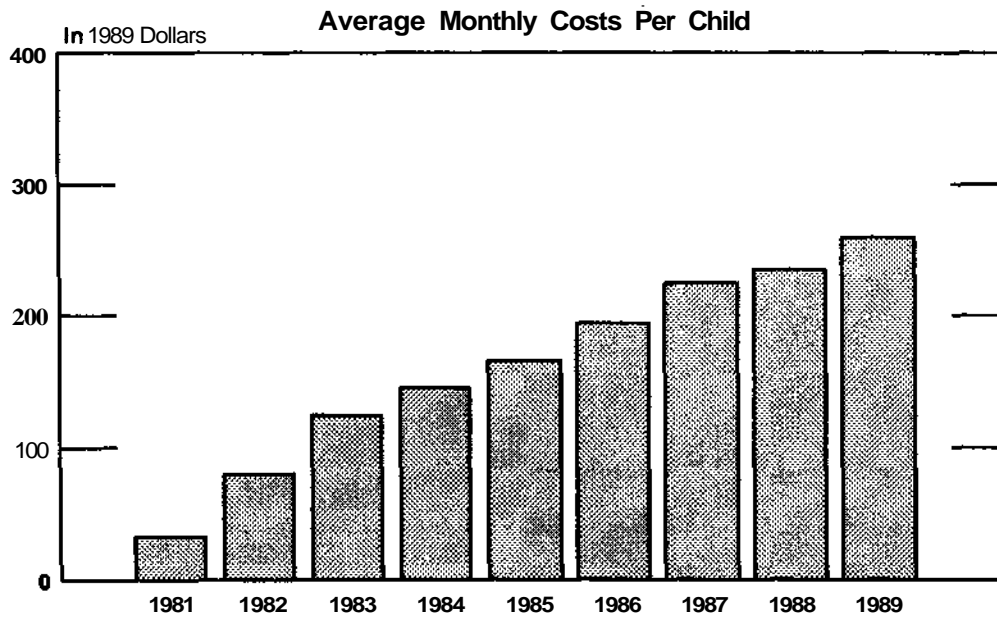
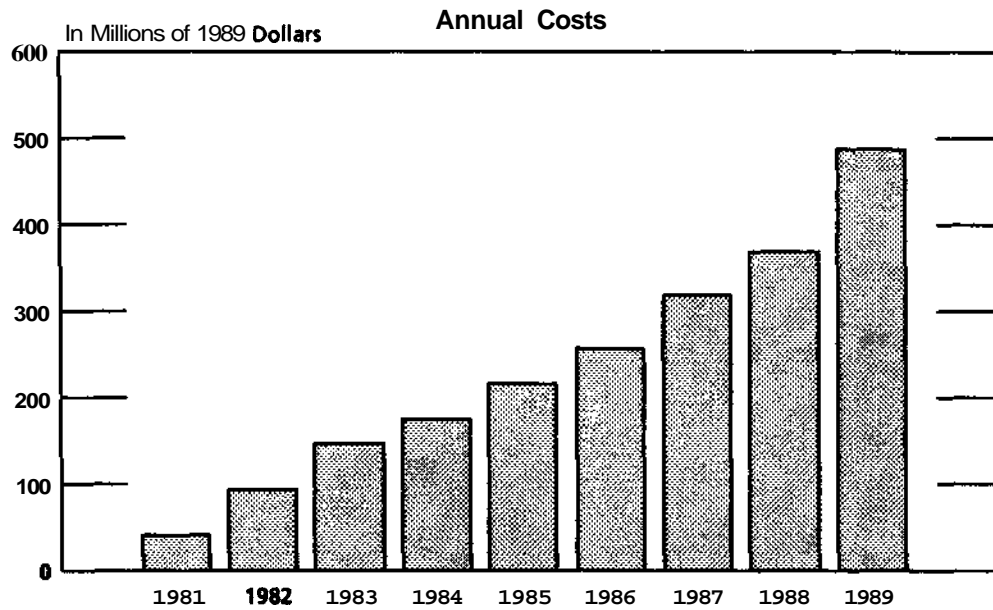
SOURCE: Congressional Budget Office using data from the Department of Health and Human Services, Administration of Children, Youth, and Families, March 1991.

Variations among states in counting the number of children in Title IV-E foster care may also significantly affect costs per child. These variations particularly affect children who are in care for short time periods, in unlicensed placements with relatives, or back in their own homes on a probationary basis. Variations in caseload dynamics can also affect costs because a child in care for a few days in one month appears to be counted with the same weight as a child in care for 30 days. Other data problems may exist where state reports of Title IV-E caseloads appear inconsistent with Title IV-E Maintenance payments. For example, reported Title IV-E caseload in the District of Columbia fell from 928 children in 1986 to 269 children in 1987, but with little corresponding decline in maintenance payments — a puzzling occurrence. Finally, variation exists in the federal match rate, from 50 percent to 83 percent, although for the most part this variation either has little effect or moderates even larger differences in total costs.

Title IV-E Costs for Administration, Services, and Training

The rapidly escalating costs for administration, services, and training have been the focus of considerable concern among Members of Congress and the Administration. Costs have increased steadily, from less than \$50 million in 1981 to \$488 million in 1989, as shown in the top half of Figure 3. Again, all costs are shown in 1989 dollars, so the figures show growth above inflation. Most expenditures in 1989--\$461 million--were costs for administration and services, with the remaining \$27 million for training. Administration and services are defined broadly to include a variety

Figure 3.
Title IV-E Administration, Services, and Training Costs



SOURCE: Congressional Budget Office.

of activities relating to the placement of a child in foster care, including many activities beyond the traditional definition of administrative costs. The federal match for these costs is 50 percent; the federal match for training costs is 75 percent.

Administration, services, and training costs have increased much more rapidly than caseload. The second panel in Figure 3 shows rising costs per child, which were calculated by dividing Title IV-E payments for administration, services, and training by Title IV-E caseload. Real monthly costs per child rose from \$33 in 1981 to \$260 in 1989. The measure of costs per child is somewhat problematic because some Title IV-E services are provided to children who are not included in counts of Title IV-E caseload. This situation can occur when services are provided to children who are at risk of imminent removal from their home but do not end up in foster care. However, CBO's analysis does examine measures of costs per child as one way to compare costs among states despite large differences in foster care populations.

State-by-State Variations. Monthly costs for administration, services, and training vary significantly among states, as shown in Table 3, which ranks states by the size of payment per child in 1989. Federal costs per child range from over \$1,000 per month in Maryland to only \$5 per month in Mississippi, a 200-fold difference. The median cost per child is \$236, in Georgia; the national average is \$260. These are federal costs; total costs for activities funded through Title IV-E would be approximately twice as large.

TABLE 3. AVERAGE FEDERAL COSTS PER CHILD PER MONTH FOR TITLE IV-E ADMINISTRATION, SERVICES, AND TRAINING (In 1989 dollars, with states ranked by costs in 1989)

State	1981	1982	1983	1984	1985	1986	1987	1988	1989
United States	33	79	125	144	165	193	225	235	260
Maryland	14	9	9	9	252	525	803	800	1,033
District of Columbia	11	104	46	144	224	257	815	1,954	1,028
Kentucky	5	4	7	6	1	54	67	91	702
Rhode Island	0	0	0	0	46	233	447	554	682
Texas	9	12	17	241	89	141	351	640	621
Arizona	6	11	135	183	263	305	287	412	571
Alaska	0	0	0	0	0	85	18	4	482
Minnesota	22	36	89	102	275	452	519	424	478
Ohio	30	14	9	9	182	332	330	391	394
Massachusetts	5	6	290	242	227	225	171	413	392
Oklahoma	12	15	302	159	119	164	166	249	361
Arkansas	11	9	11	8	19	44	114	108	361
Maine	1	6	125	130	133	180	229	241	346
Missouri	7	7	148	250	363	355	349	345	344
Tennessee	4	6	5	6	3	4	5	4	323
South Dakota	20	10	5	5	5	7	432	443	320
Wyoming	0	0	0	0	-0	0	0	359	316
New York	20	218	232	237	220	285	353	328	304
Florida	11	12	11	13	45	91	141	164	299
New Jersey	5	6	3	36	60	200	209	214	290
Vermont	28	143	254	225	218	206	249	251	284
Michigan	94	121	137	153	167	192	240	240	278
Oregon	125	116	147	186	177	207	226	344	277
New Hampshire	12	54	66	102	98	87	122	187	272
Virginia	19	19	25	27	23	24	101	47	269
Georgia	45	261	254	217	197	222	204	236	236
Washington	49	161	146	173	176	226	282	227	230
Wisconsin	67	66	114	143	141	131	214	227	229
Louisiana	28	53	66	281	239	219	220	275	229
Nebraska	28	68	58	147	158	145	112	223	225
New Mexico	3	5	49	12	224	191	193	201	222
Delaware	9	8	8	7	23	1	0	215	215
Illinois	19	25	78	23	92	85	91	114	214
South Carolina	10	12	16	32	76	78	137	194	200
California	74	43	214	234	229	209	218	210	197
Connecticut	0	0	78	83	74	104	115	116	193
Nevada	29	9	11	11	12	11	9	86	178
Iowa	8	89	106	121	95	104	125	175	172
Utah	23	36	93	116	125	175	164	127	172
West Virginia	4	1	192	389	386	499	446	274	152
Kansas	5	33	50	65	65	71	74	75	134
Colorado	10	6	6	2	1	110	154	63	114
North Dakota	9	13	20	23	31	76	93	85	107
Pennsylvania	43	46	57	56	148	97	87	51	81
Montana	0	158	82	121	107	143	112	79	70
Idaho	14	14	11	12	15	5	22	16	57
Hawaii	17	21	30	39	35	46	30	30	23
Alabama	5	5	5	8	17	17	12	12	21
Indiana	9	2	5	11	19	17	19	18	15
North Carolina	5	7	10	10	9	11	13	13	12
Mississippi	6	9	10	10	10	11	6	3	5

SOURCE: Congressional Budget Office using data from the Department of Health and Human Services, Administration of Children, Youth, and Families, March 1991.

NOTE: Costs per Title IV-E child must be interpreted with caution. Some states provide services to children who are not included in the Title IV-E caseload.

CBO's analysis of the growth in costs per child for individual states reveals an interesting pattern. While some states have shown steady increases every year, many states follow a pattern of low costs in the early years, followed by an extremely sharp increase in one year. In two dozen states, costs increased by more than 1,000 percent in a one-year period. One striking example is Tennessee, the 15th state from the top in Table 3, where costs per child ranged from \$3 to \$6 from 1981 through 1988 and jumped to \$323 in 1989, an increase of more than 8,000 percent. In Missouri, the 14th state from the top in Table 3, the spike upward occurred earlier; monthly costs per child jumped from \$7 in 1981 and 1982, to \$148 in 1983, and rose to a peak of \$363 in 1985. The abrupt nature of the increases in a number of states supports the theory that much of the growth results from changes in state methods for claiming funds, rather than changes in services to children. The case of Missouri is important because cost increases claimed by Missouri were initially challenged by HHS, but were found allowable by the HHS Departmental Appeals Board. Over time, many other states have become aware of the broad range of activities allowable under Title IV-E and have developed, often with the help of consultants, sophisticated cost-allocation plans to increase Title IV-E claims. While individual states have often experienced a one-time sharp increase, these increases have occurred in different years and so average out on a national basis to an overall trend of smaller, steadier increases each year.

Differences in costs per child among states are harder to interpret than changes over time within states. States may differ significantly in interpreting the definition of allowable activities and the group of children eligible for services.

Differences of sophistication in how states claim federal funds under this uncapped entitlement may account for much of the difference. In addition to the definitional discrepancies in counting caseload, caseload dynamics pose a problem. States that move children in and out of foster care more rapidly may have higher administrative costs than states with comparable average monthly caseloads and longer lengths of stay.³ The available data do not reveal how much of the differences among states (or how much of the increases in costs over time) reflect real differences in services to children as opposed to measurement problems, different methods for claiming federal funds, and variations in caseload dynamics.

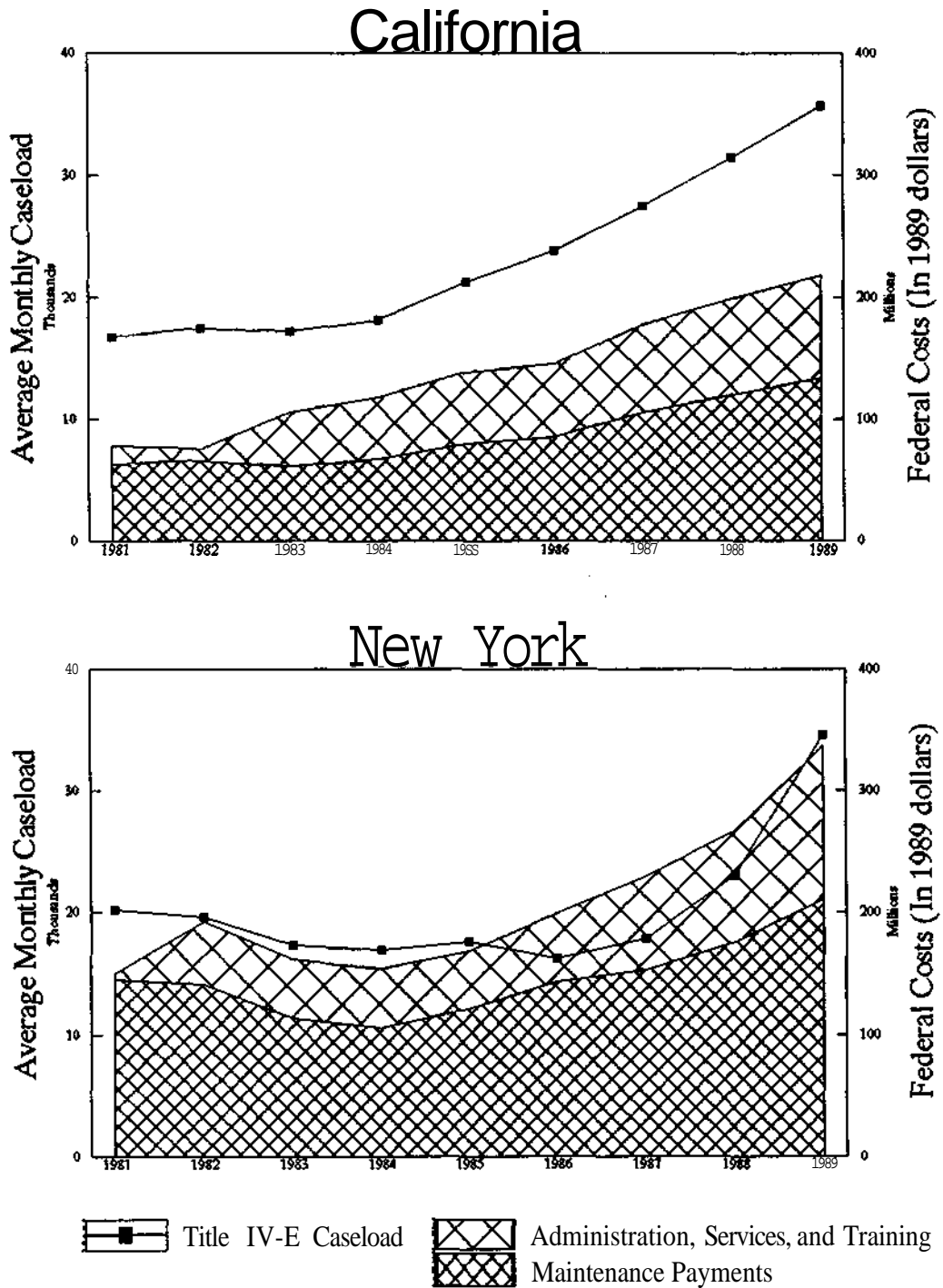
State Graphs of Caseloads and Costs

The final step of the CBO analysis involved constructing one graph for each state that shows all three **components--caseload**; maintenance payments; and administration, services, and training costs. I will discuss a few of these graphs in this testimony and submit the entire set of 52 graphs as an appendix.

The graph for California, as shown in Figure 4, shows the three components clearly. The bold line shows the caseload, which has grown at a rapid and steady

3. For example, if State A and State B each had an average monthly caseload of 10 children, but State A had 10 children who remained in care for 12 months and over the course of a year State B had 120 different children in care for one month each, administrative costs would presumably be much higher in State B than in State A.

FIGURE 4.
CASELOAD AND COSTS IN THE TWO LARGEST STATES



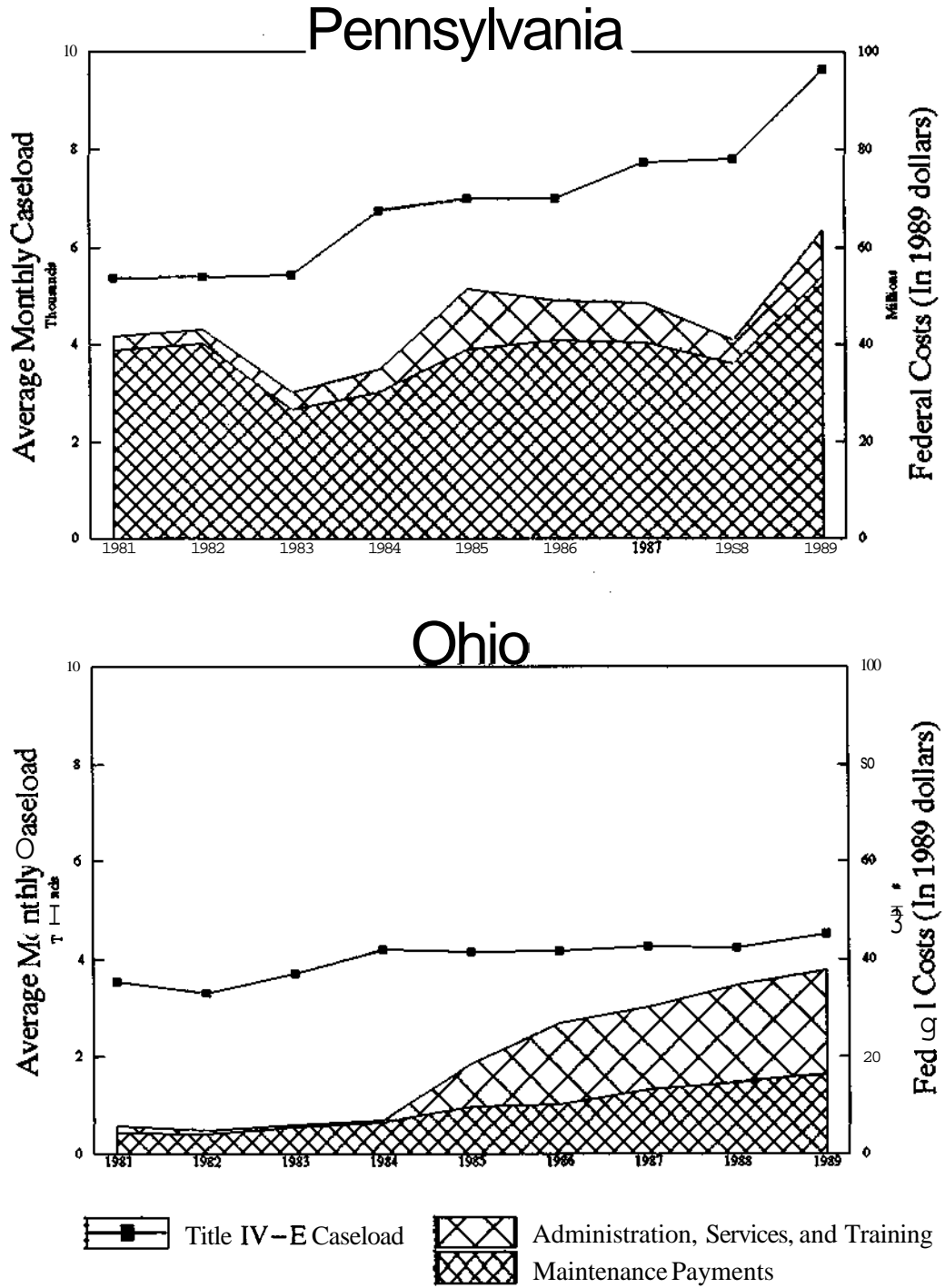
SOURCE: Congressional Budget Office

pace since 1985. The dark shaded area on the bottom shows maintenance payments, which have actually grown less rapidly than caseload. The lighter shaded area shows costs for administration, services, and training, which increased significantly between 1982 and 1983. This increase in California was earlier but less dramatic than increases in other states.

The graph for New York illustrates a key characteristic of the design of all the graphs. The scale for costs is 10,000 times greater than the scale for caseload and is in dollars. This means that if the line representing caseload crosses into the area representing costs, the state is claiming more than \$10,000 per child annually. The figure shows that the bold line for caseload in New York does dip below the shaded area for costs, signalling costs of more than \$10,000 per child in 1986, 1987, and 1988. These are federal costs; total costs would be approximately twice as high. The graph also shows that the caseload in New York started increasing later than in California, but has risen at an extremely high rate since 1987.

Graphs for Pennsylvania and Ohio, shown in Figure 5, illustrate some of the variations in caseloads and costs among the states. Pennsylvania and Ohio have the third and sixth largest caseloads, respectively. The graph for Pennsylvania shows very low claims for administration, services, and training costs, either relative to caseload or relative to maintenance payments. The graph for Ohio, in contrast, shows that costs for administration, services, and training shot upward between 1984 and 1985, to the point where they were larger than claims for maintenance payments. Another interesting point about Ohio is that the caseload is fairly flat

FIGURE 5.
CASELOAD AND COSTS IN STATES WITH THIRD AND SIXTH LARGEST
CASELOADS



SOURCE: Congressional Budget Office

throughout the 1980s, indicating that not every state has experienced the **much-talked-about** increases in caseload.

Certain patterns emerge from the complete set of state graphs, which are included in the appendix with states ranked by size of caseload in 1989. Most states show rising caseloads, often with accelerated increases since 1987. With a few exceptions, maintenance payments tend to follow caseload growth fairly closely. Administration, services, and training costs show little correlation with caseload, however, and frequently rise dramatically over a one- or two-year period. Relatively few states, only seven, spent more than \$10,000 in federal funds per child in Title **IV-E** foster care in any year between 1981 and 1989. Nearly half the states, 25 out of 51, spent more on administration, services, and training than on maintenance payments in 1989.

Conclusion

The state graphs show interesting and, in some cases, unusual patterns in program growth. These graphs are limited to the federal side of the picture, however, as shown by three somewhat crude measures. To gain a more complete picture of particular states would require turning to the state for information, such as: how are children in foster care counted, how many additional children are in placements without federal subsidies, how quickly do children move in and out of care, how are federal funds claimed, what are total state expenditures for foster care, and how are

funds for administration and services spent? Some of this information will be available in the long-awaited federal data collection system, which is expected to begin collecting detailed information on children in foster care in the near future. Many questions about costs, however, will remain unanswered.

HHS recently took a positive step by asking states to report spending on administration and services in 1990 by four categories: case planning and management, **pre-placement** activities, eligibility determinations, and other. I hope that this subcommittee will encourage the Department to take further steps to collect and analyze information on foster care expenditures, including spending from state and local funds, Title **IV-B** funds, and Title **XX** funds. Our understanding of federal expenditures under Title **IV-E** would be greatly increased if federal costs could be placed in the context of overall spending patterns on foster care and more general child welfare services.

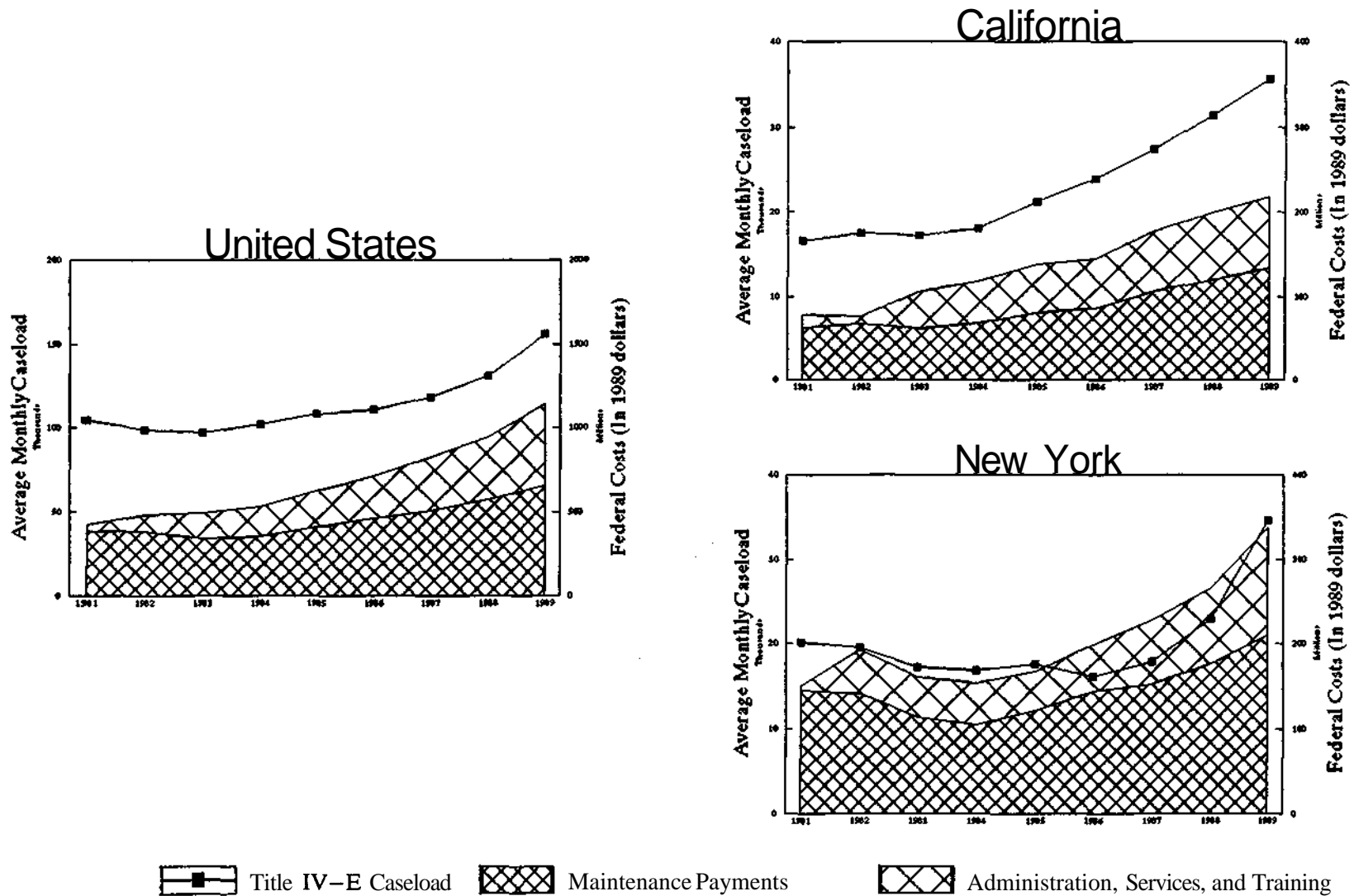
APPENDIX

GRAPHS OF FOSTER CARE CASELOAD AND COSTS, 1981-1989 (By state,
ranked **by** size of caseload in 1989).

LIST OF FIGURES

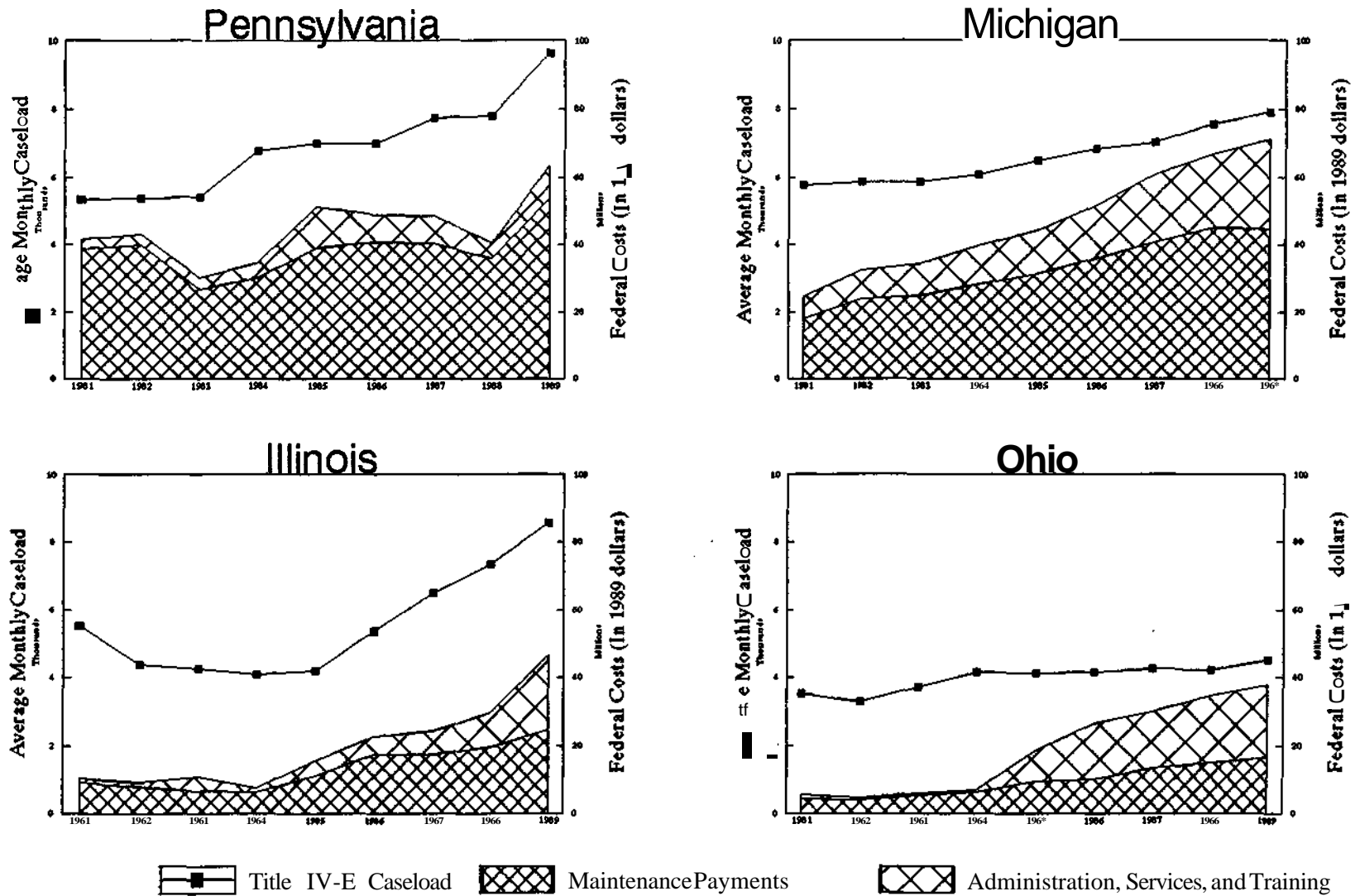
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A-2. CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 2,500 AND 10,000	Pennsylvania Illinois Texas Wisconsin Michigan Ohio New Jersey Louisiana	A3 A4
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A-5. CASELOAD AND COSTS IN THE DISTRICT OF COLUMBIA	District of Columbia	A15

FIGURE A-1.
CASELOAD AND COSTS IN THE UNITED STATES AND THE TWO LARGEST STATES



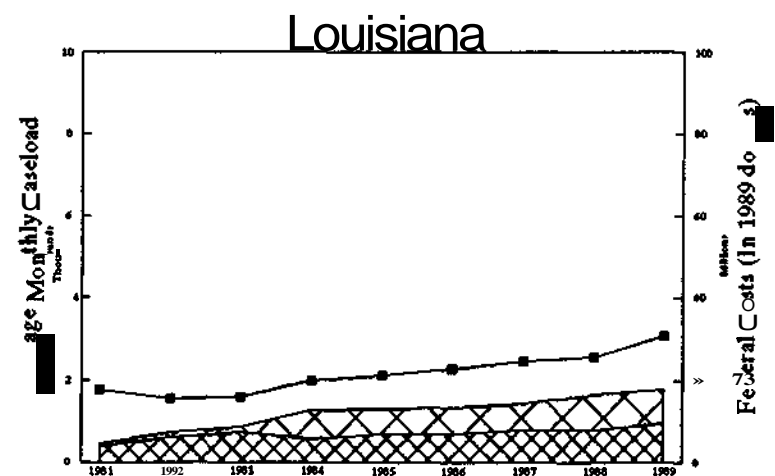
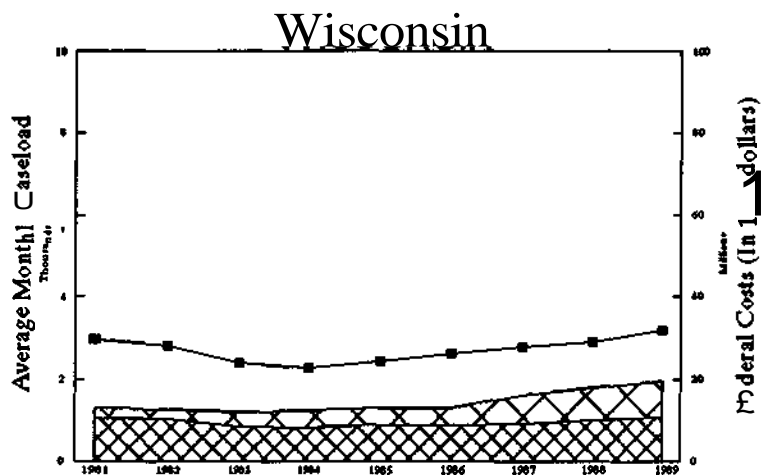
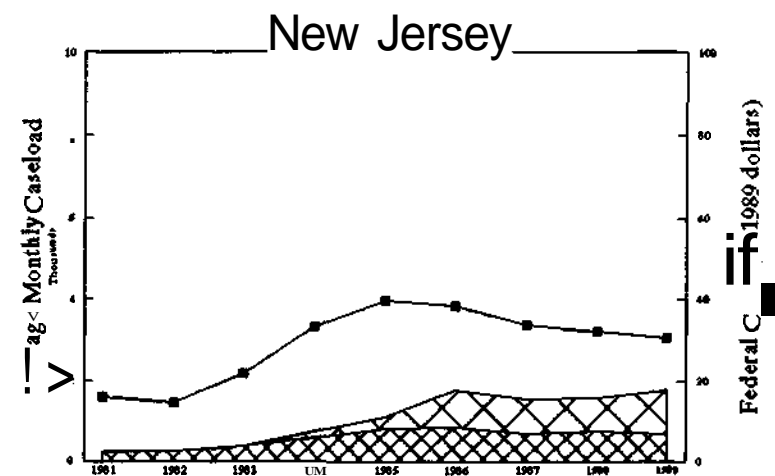
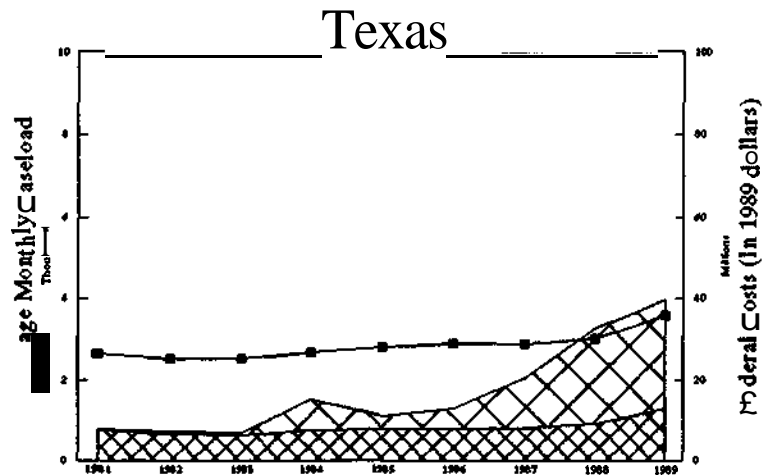
SOURCE: Congressional Budget Office

FIGURE A-2.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 2,500 AND 10,000



SOURCE: Congressional Budget Office

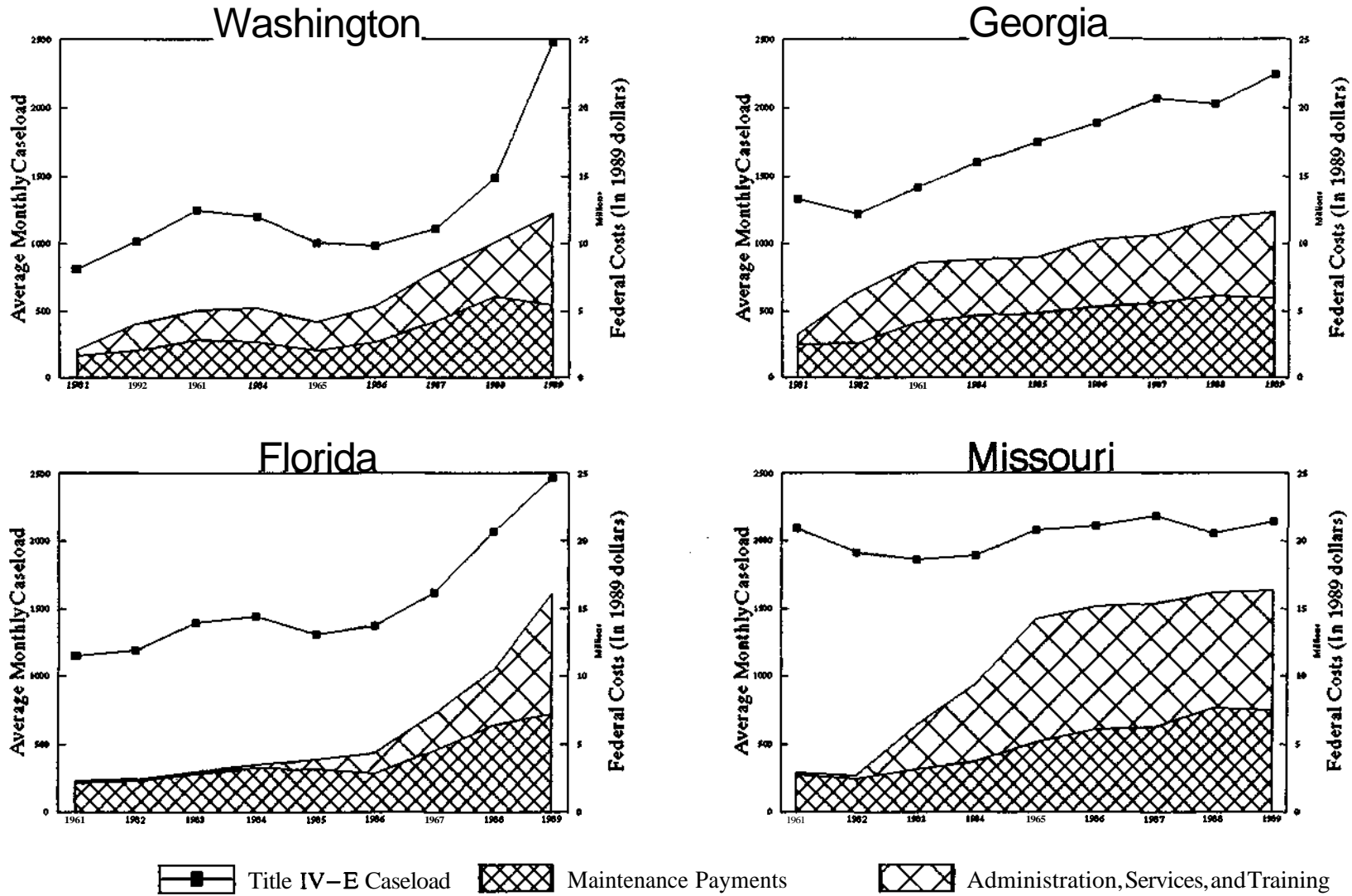
FIGURE A-2.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 2,500 AND 10,000



• Title IV-E Caseload
 Maintenance Payments
 Administration, Services, and Training

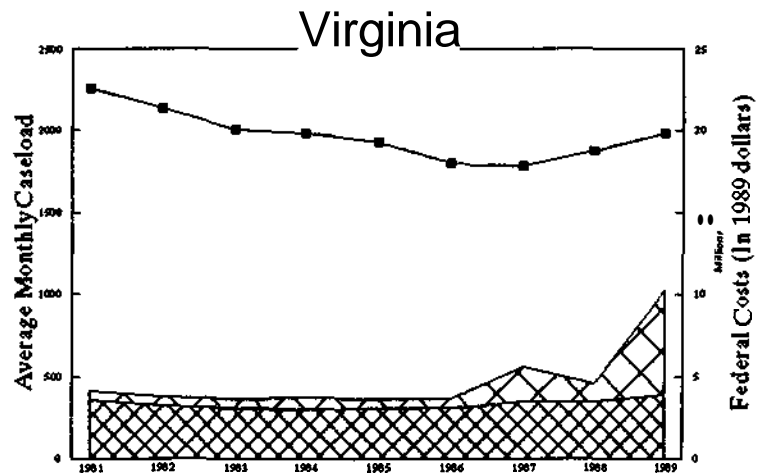
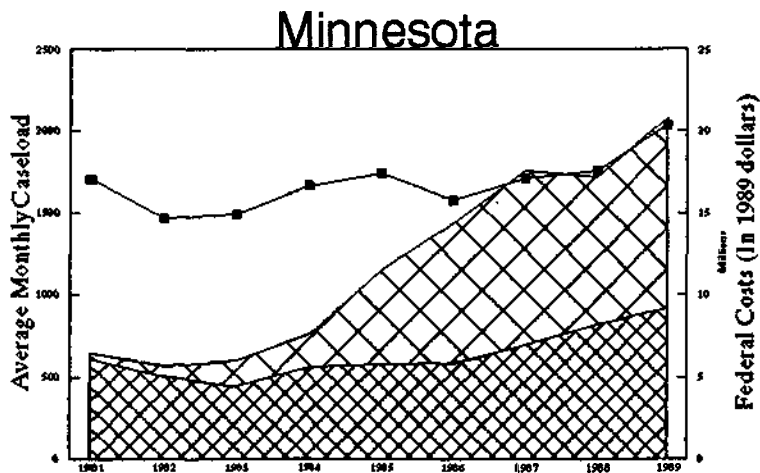
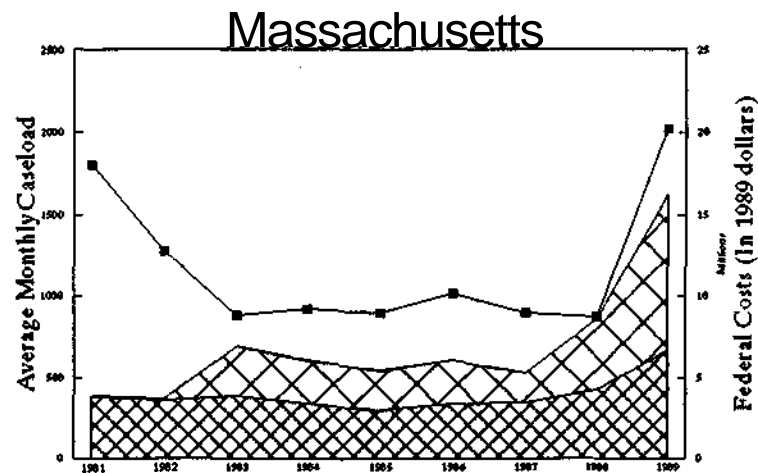
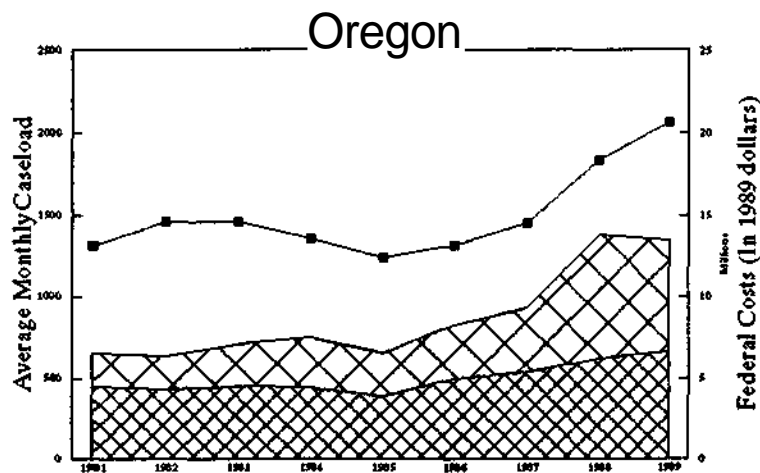
SOURCE: Congressional Budget Office

FIGURE A-3.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 700 AND 2,500



SOURCE: Congressional Budget Office

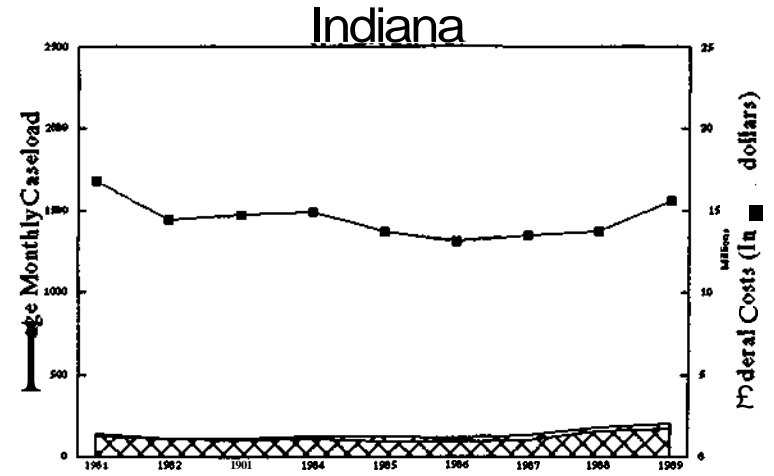
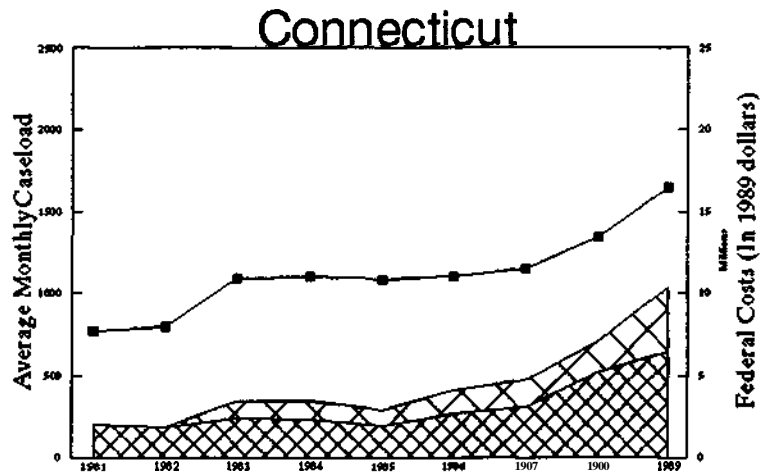
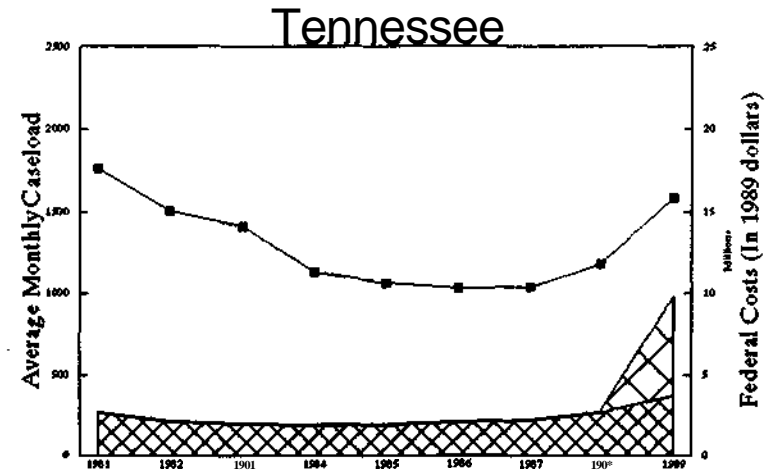
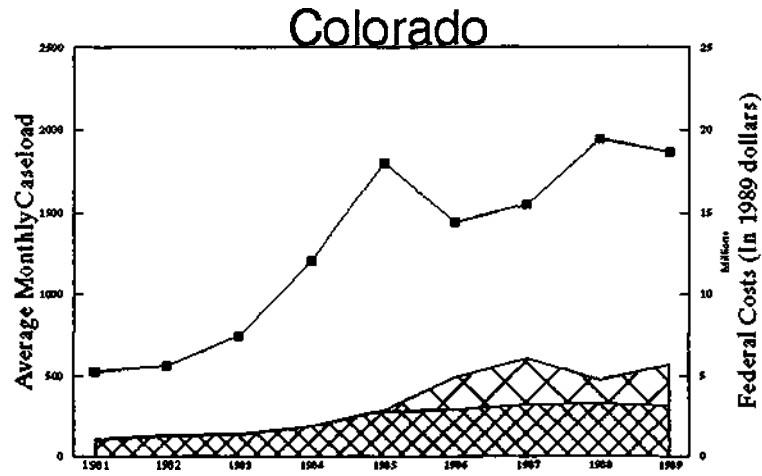
FIGURE A-3.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 700 AND 2,500



SOURCE: Congressional Budget Office

FIGURE A-3.

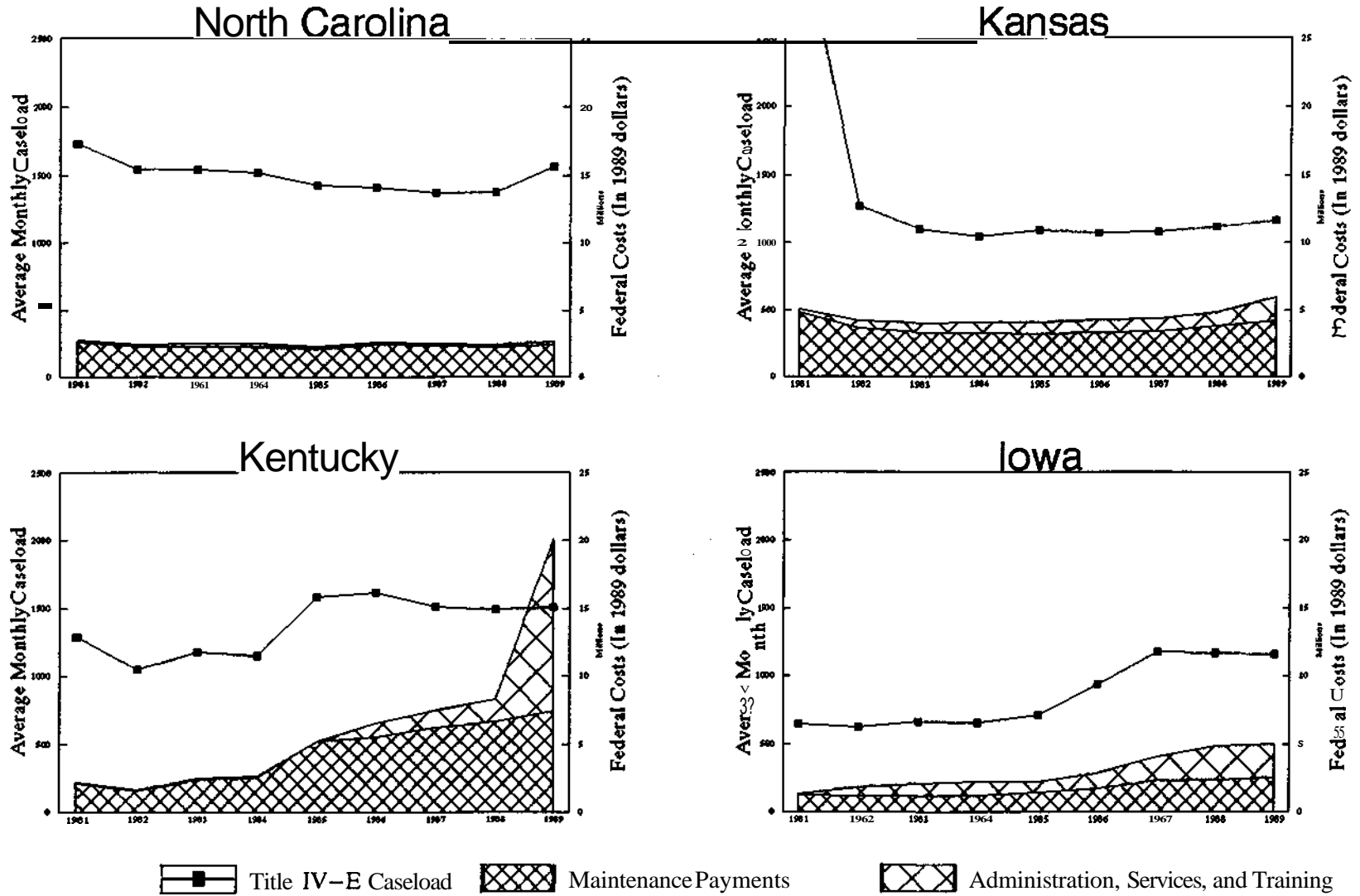
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 700 AND 2,500



■ Title IV-E Caseload
 Maintenance Payments
 Administration, Services, and Training

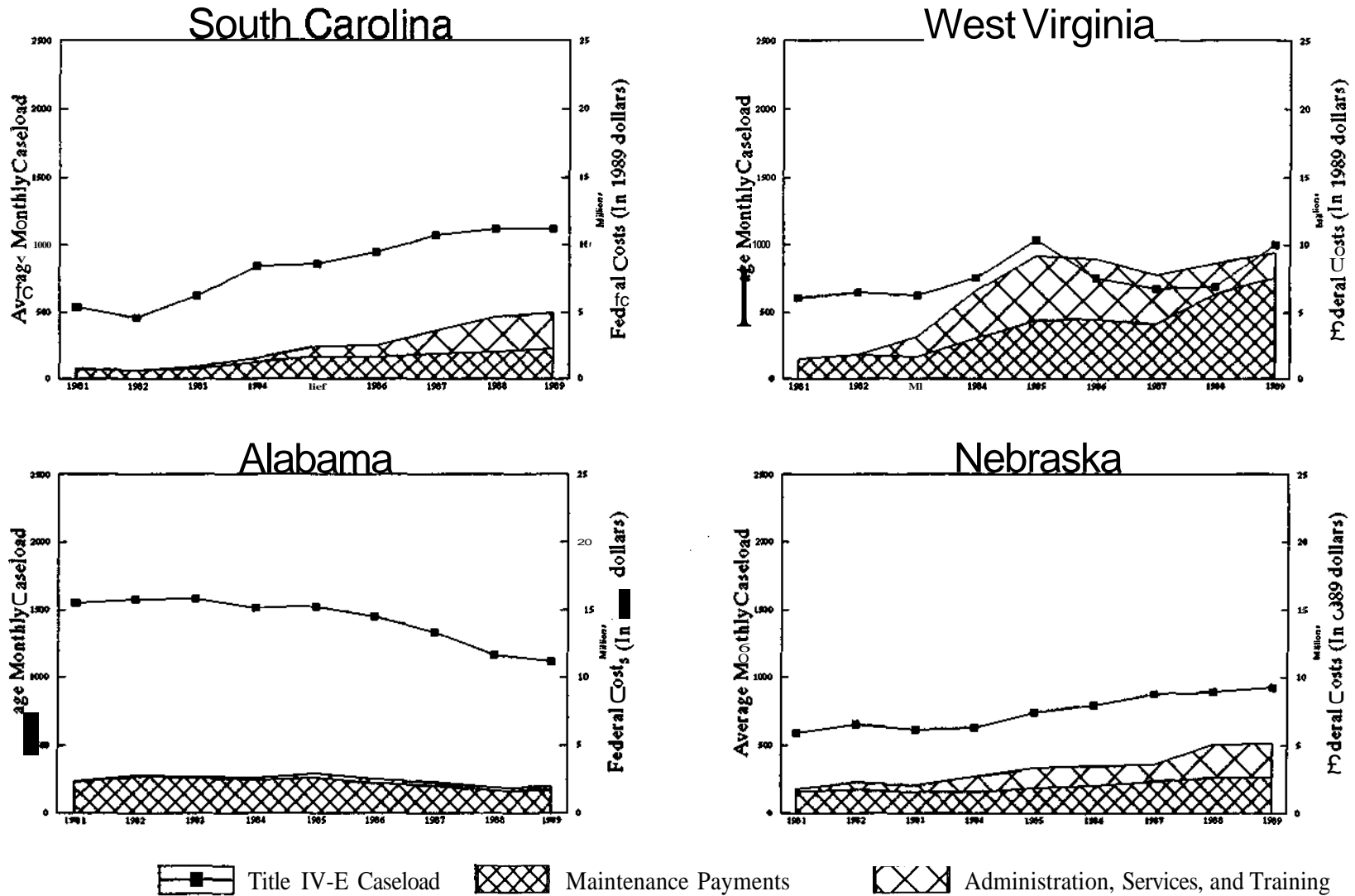
SOURCE: Congressional Budget Office

FIGURE A-3.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 700 AND 2,500



SOURCE: Congressional Budget Office

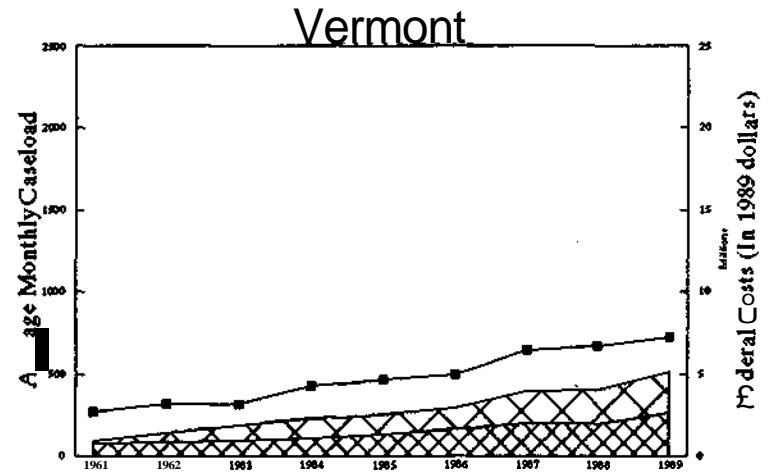
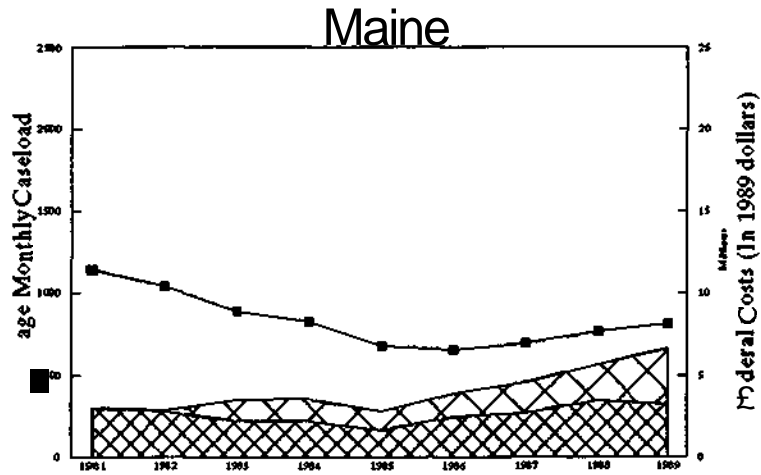
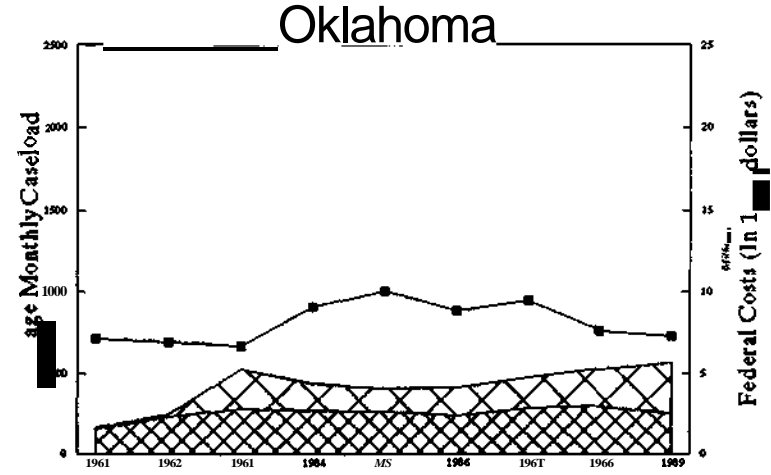
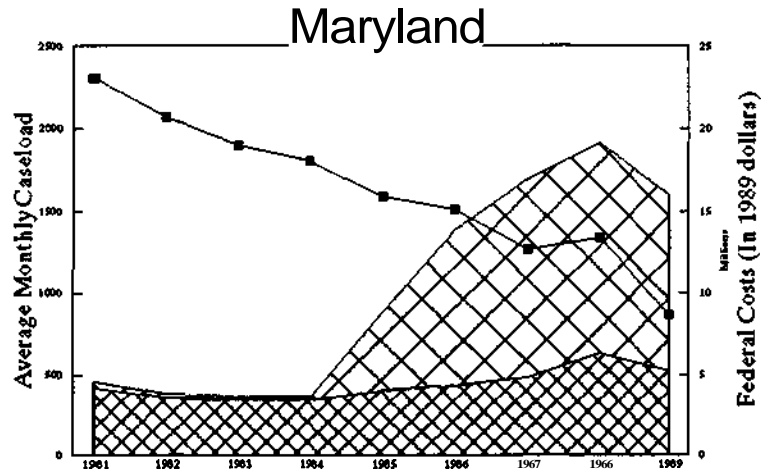
FIGURE A-3.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 700 AND 2,500



SOURCE: Congressional Budget Office

FIGURE A-3.

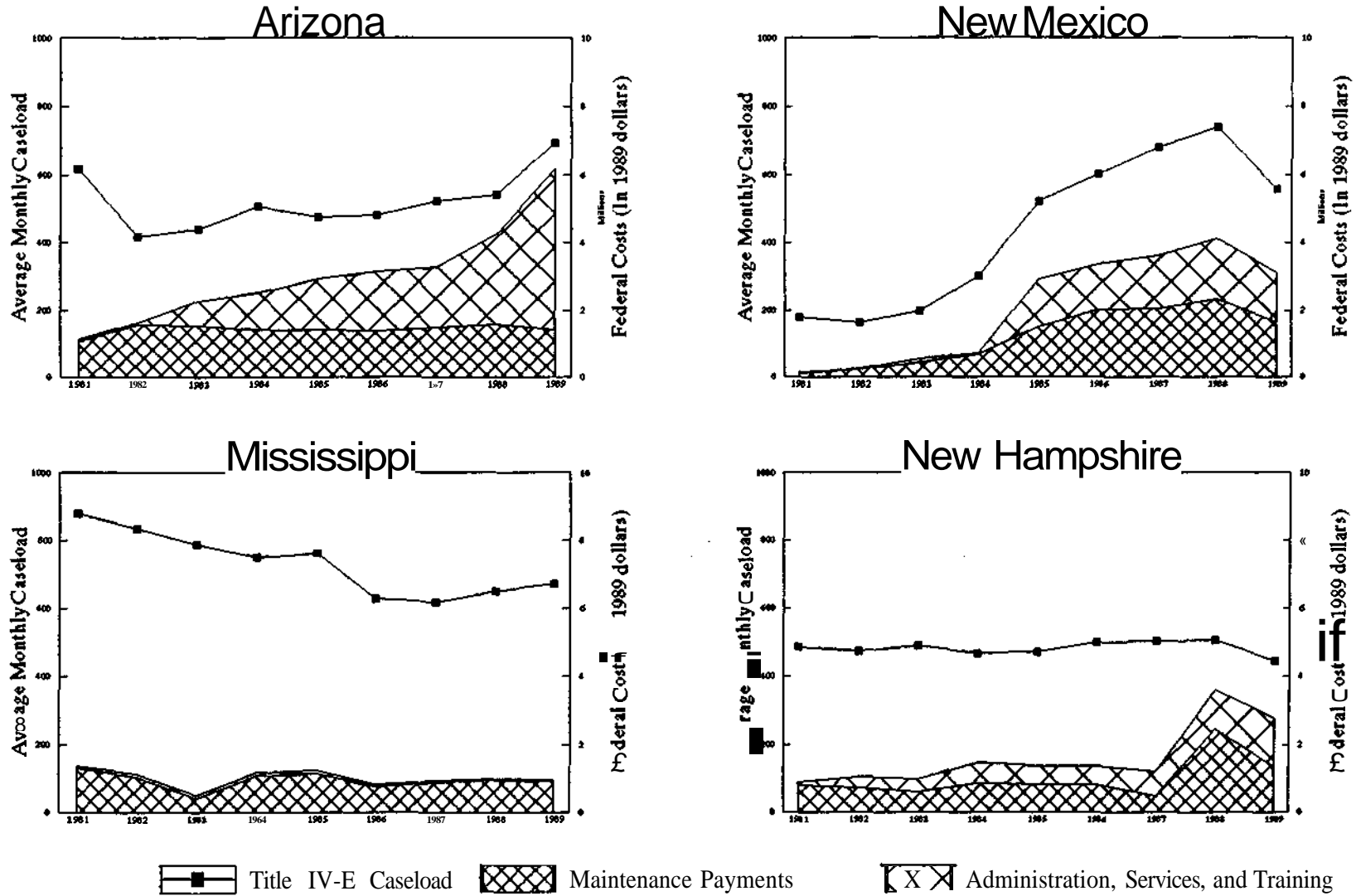
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD BETWEEN 700 AND 2,500



Title IV-E Caseload
Maintenance Payments
Administration, Services, and Training

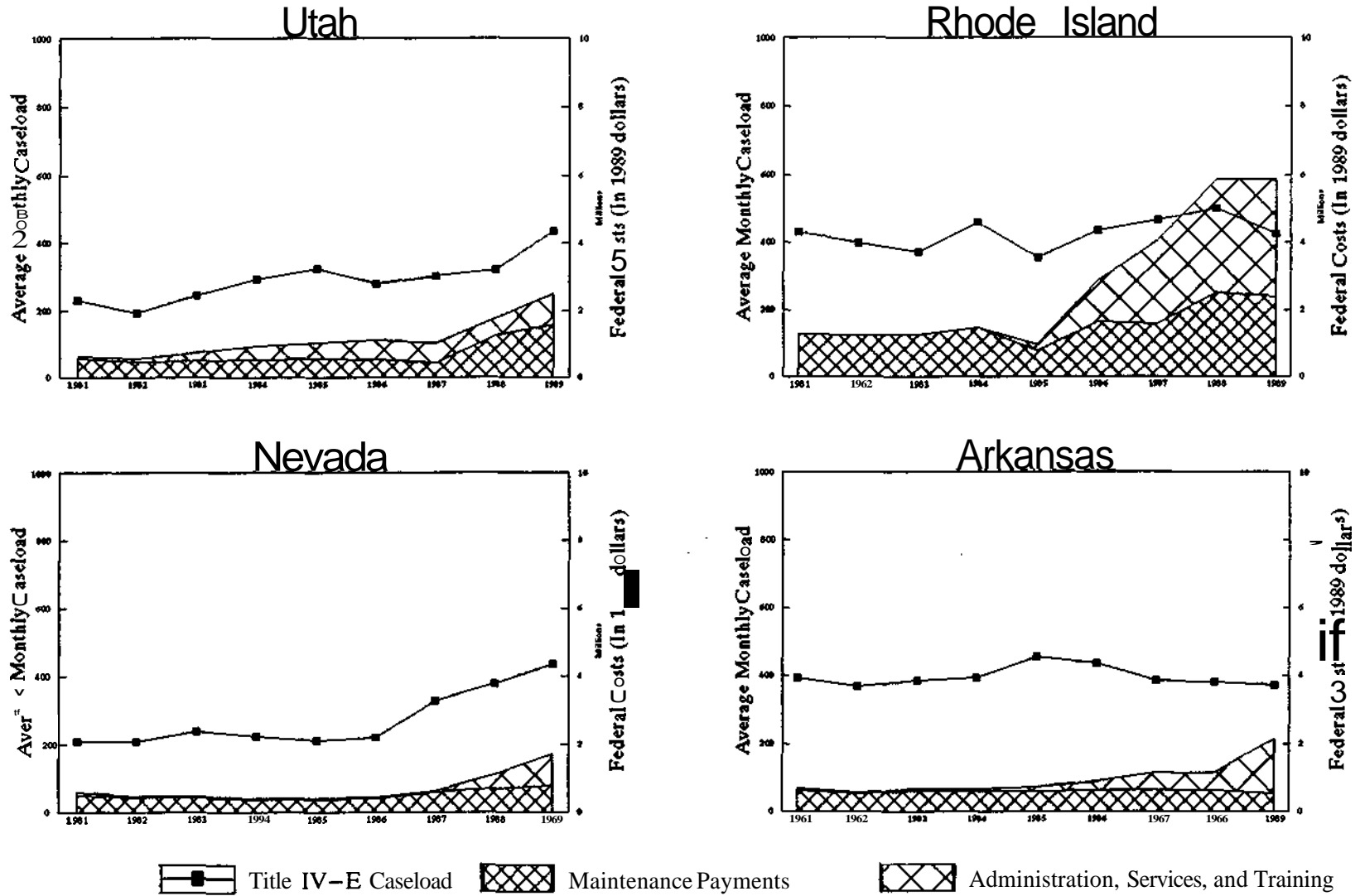
SOURCE: Congressional Budget Office

FIGURE A-4.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD LESS THAN 700



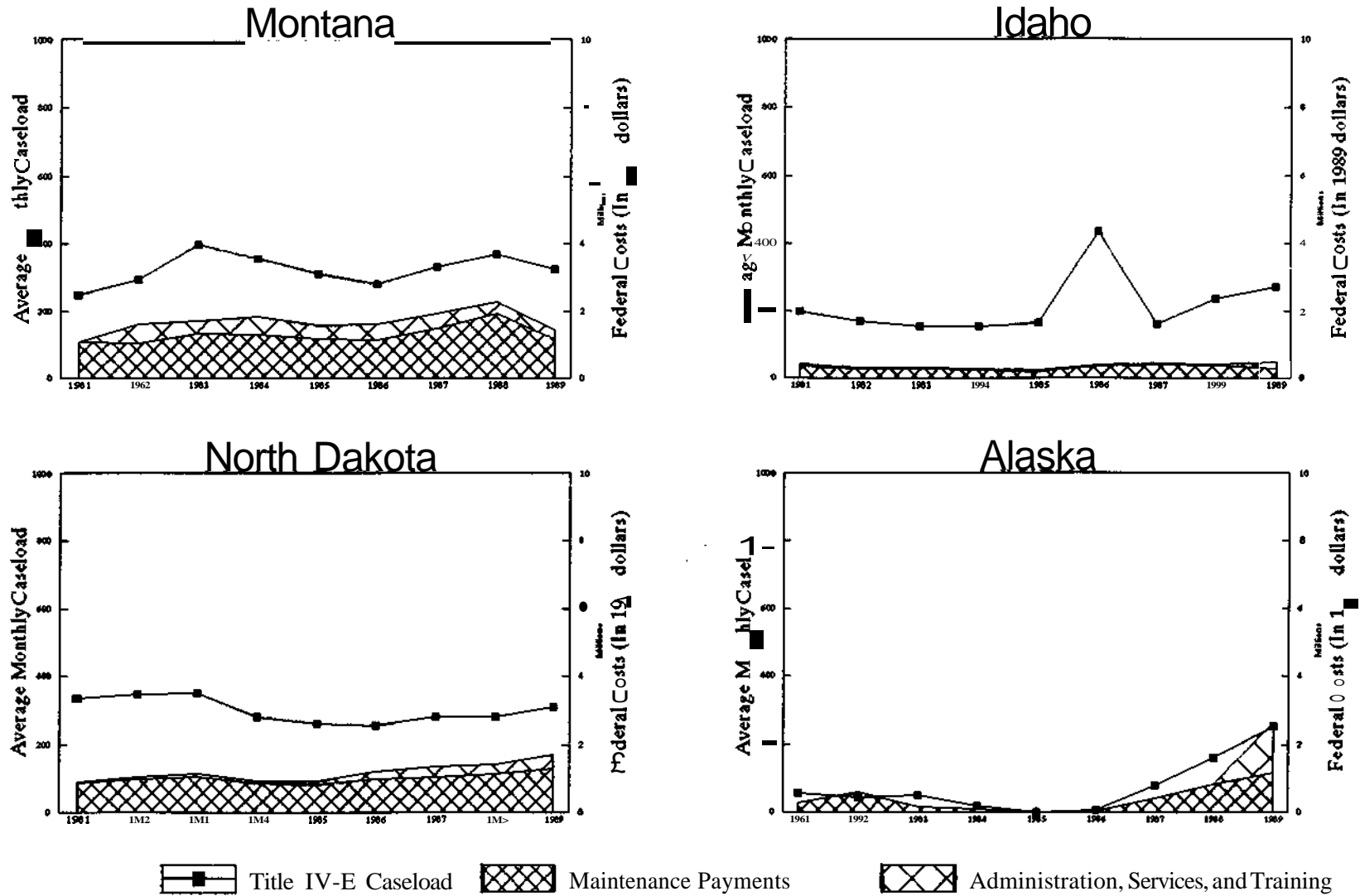
SOURCE: Congressional Budget Office

FIGURE A-4.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD LESS THAN 700



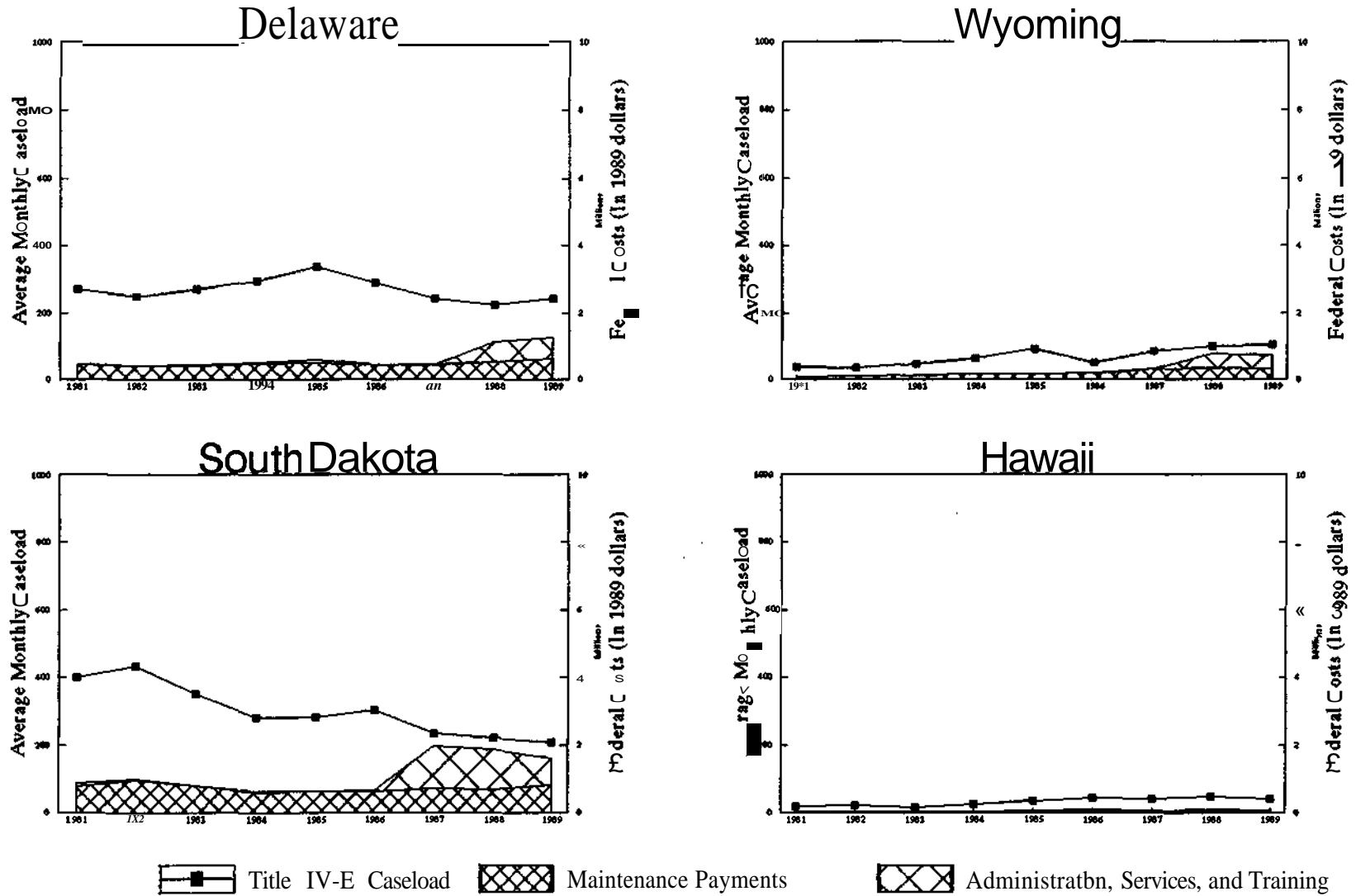
SOURCE: Congressional Budget Office

FIGURE A-4.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD LESS THAN 700



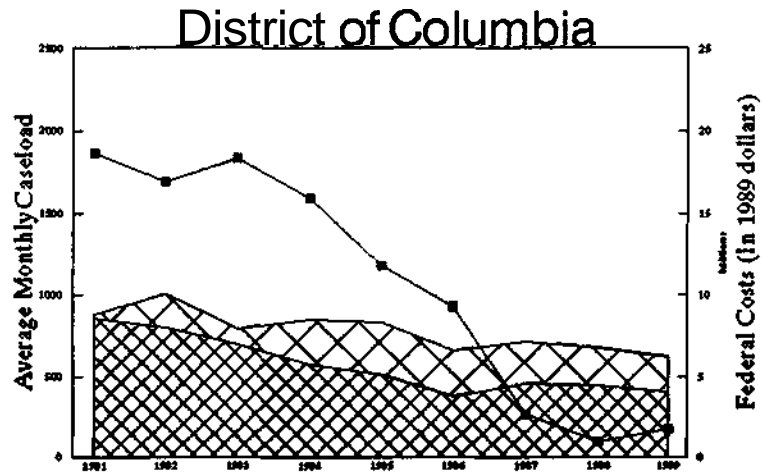
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FIGURE A-4.
CASELOAD AND COSTS IN STATES WITH 1989 CASELOAD LESS THAN 700



SOURCE: Congressional Budget Office

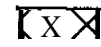
FIGURE A-5.
CASELOAD AND COSTS IN THE DISTRICT OF COLUMBIA



Title IV-E Caseload



Maintenance Payments



Administration, Services, and Training

SOURCE: Congressional Budget Office