

# Adoption and Adoption Subsidy



## Purpose

Adoption subsidy is a financial support provided to families who adopt special needs children. The funds assist families with the cost of raising a child, and costs associated with the needs of the child.

## Who Is Helped

When courts terminate the parental rights of children who have been abused or neglected, the DHS strives to find permanent adoptive families as quickly as possible.

- Subsidies are paid until the child reaches age 18, or until age 21 if there is a disability.
- Subsidies are available if:
  - The child has a special need (including a diagnosed physical, mental or emotional disability), is older, is a member of a sibling group of three or more children, or is at risk of developing a diagnosed condition; and
  - The state is unable to place the child for adoption without the subsidy; and
  - The child was in the guardianship of DHS or a licensed child-placing agency prior to adoption.

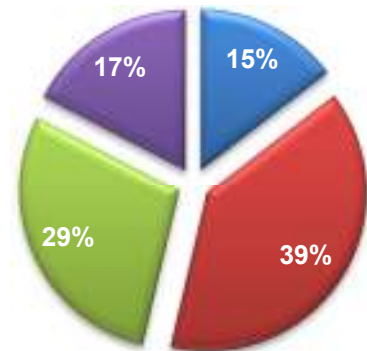
The majority of children adopted through DHS are under age 6 and Caucasian.

Under this appropriation, a “case” represents a child. Unless otherwise indicated, caseloads and costs are presented on a “per case” basis.

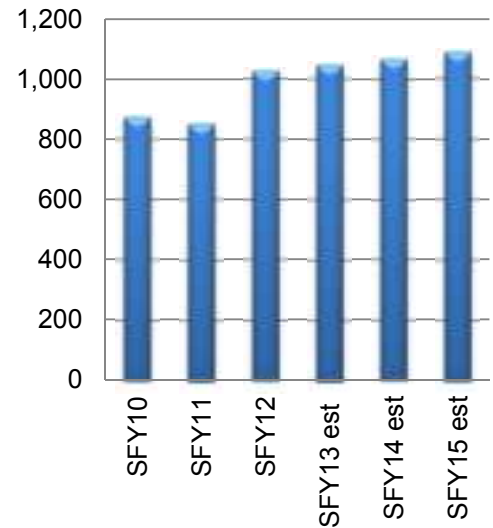
- On July 1, 2012, 9,676 children were eligible for adoption subsidy.
  - The adoptive parents of 9,136 children received an adoption subsidy payment.
  - 540 children have subsidy agreements in which no payments are currently paid but may be in the future.

### Children Eligible by Age for Subsidy in SFY12

■ 0-5 ■ 6 to 11 ■ 12 to 15 ■ 16 to 21



### Number of Adoptions per Year



- ✓ *The adoptive family's income cannot be considered when negotiating subsidy supports.*
- ✓ *Citizenship or qualified non-citizen status is an eligibility requirement to claim federal funds.*
- ✓ *Of all children placed for adoption through DHS, about 95 percent either receive adoption subsidy or are eligible for subsidy.*

## Services

Adoption subsidy provides a monthly payment to parents of eligible children. Families may also receive:

- Up to \$500 per child to pay legal fees to finalize the adoption.
- Supplies and equipment to meet a child's needs.
- Outpatient therapy for providers not paid through Medicaid.
- Additional insurance premium costs when adding a child to private insurance.
- Up to \$500 per child when adopting a sibling group of three or more.

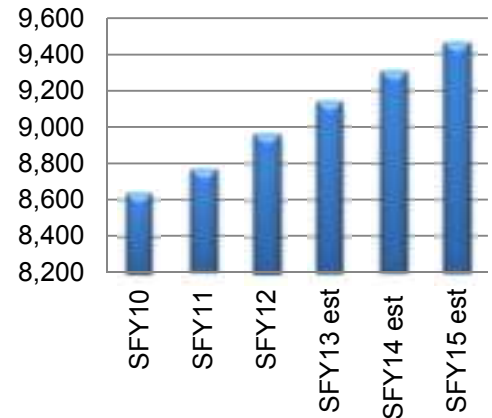
Families who receive adoption subsidy are eligible for post-adoption support services provided through a contract.

Rate of subsidy in flux:

- In response to Executive Order 20, a 5 percent across the board reduction in rates was implemented on 1/1/10 to 6/30/10.
- A 1.3 percent rate increase was appropriated in SFY11 to partially restore the previous reduction.
- A 1.5 percent rate increase was appropriated for SFY13.

SFY12 average per diem subsidy was \$20.23.

**Number of Children Who Received Adoption Payment\***



\*Numbers are rising because new cases exceed the number of cases in which subsidies end.

**Total Expenditure**



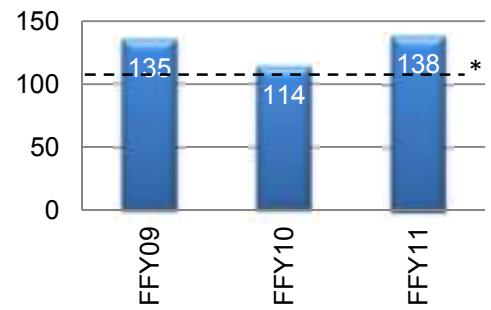
- ✓ *Children who are eligible for adoption subsidy are categorically eligible for Medicaid.*
- ✓ *Adoption subsidy rates are negotiated with families, but the rate cannot exceed the rate the child received or would have received in foster care.*
- ✓ *Adoption subsidy rates and foster care rates are designed to be nearly the same, thus eliminating a disincentive by foster parents to adopt.*

**Goals & Strategies**

Goal: Children in foster care will achieve permanency  
 Strategies:

- Children will have timely adoptions. Iowa’s performance on adoptions is measured not on the number but on timeliness. If a child cannot be safely returned to the family, the goal is to find a permanent adoptive family within two years of removal.
  - DHS goal: 59 percent of children adopted timely.
  - DHS performance in most recent quarter: 63 percent placed timely.

**Achievement of Timely Adoption for Children**



\* National Standard is 106.4.

- ✓ Iowa ranked first in the nation for timely adoptions in FFY11.
- ✓ Iowa ranked second in the nation for timely adoptions in both FFY09 and FFY10.

**Cost of Services**

- The average annual cost of providing adoption subsidy is \$7,528 per case.
- The average annual program support cost is \$54 per case.

**Funding Sources**

The Adoption program is funded by state general funds and federal Title IV-E funds.

The total budget for SFY14 is \$ 70,366,091:

- \$31,446,985 (44.7 percent) is federal funding
- \$38,919,106 (55.3 percent) is state general funds

The total budget for SFY15 is \$71,537,346:

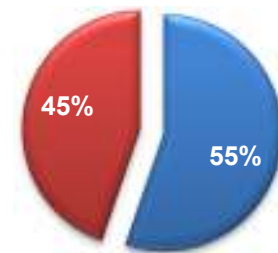
- \$31,918,674 (44.6 percent) is federal funding
- \$39,618,672 (55.4 percent) is state general funds

The federal Title IV-E share of the adoption budget is based on the FMAP rate. This share has decreased with the expiration of ARRA and as Iowa’s economy improves relative to other states. The federal share has declined as follows:

- SFY10 – 53.1 percent
- SFY11 – 51.5 percent
- SFY12 – 46.5 percent
- SFY13 – 44.7 percent (estimated)

**SFY14 Funding**

■ State General Fund ■ Federal



**Subsidized Adoption Percent of Federal Share**



- ✓ 76 percent of children whose families receive adoption subsidy were eligible for federal Title IV-E funds in SFY12.

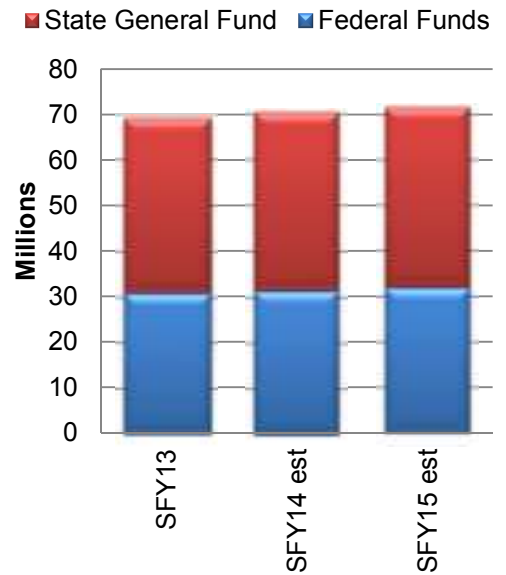
## SFY 2014 & 2015 Budget Drivers

The total SFY14 budget reflects a \$2,130,530 (5.8 percent) general fund increase from SFY13. The total SFY15 budget request reflects a \$699,566 (1.87 percent) increase from SFY14.

The key budget drivers of the increase are:

- More than half of the children adopted and eligible for subsidy are under age 6. Thus they will remain covered for an extended period of time.
- More children continue to enter the adoption subsidy program than exit the program.
- SFY13 is underfunded by a projected \$1,096,694.
- Across-the-board-rate increases appropriated for foster family care for SFY13 are also applied to adoption subsidy and continue into SFY14.
- After three years of declining adoptions, an increase in the number of children adopted was seen in SFY12.

### Total Budget Funding Mix



## Legal Basis

### Federal:

- Public Law 96-272, the Adoption Assistance and Child Welfare Act of 1980
- Public Law 100-294, the Child Abuse Prevention, Adoption, and Family Services Act of 1988
- Public Law 105-89, the Adoption and Safe Families Act of 1997 (ASFA)
- Public Law 109-239, the Safe and Timely Interstate Placement of Foster Children Act of 2006

### State:

- Iowa Code, Chapter 600.17-600.21
- Iowa Administrative Code, 441 IAC 201