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RESEARCH BRIEF

UNDERSTANDING ADOPTION SUBSIDIES: AN ANALYSIS OF AFCARS DATA

Adoption subsidies are perhaps the single most powerful tool by which the child welfare system can encourage adoption and support adoptive families. The federal Adoption Assistance Program was created by Congress in 1980 to ensure that families adopting foster children with special needs could do so without reducing or exhausting their resources. This federal adoption subsidy program entitles all families adopting children from foster care with special needs, who cannot meet their needs, to obtain subsidy support. Federal expenditures for adoption assistance have grown rapidly since the program was created, from less than \$400,000 in fiscal year 1981 to \$1.3 billion in fiscal year 2002, and are expected to approach \$2.5 billion by FY 2008.

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 of the Social Security Act, and the relationship between adoption subsidies and adoption outcomes, including the rate of adoptions among eligible children and the timeliness of adoption.

The analyses presented in this report 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 from foster care 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.

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 also 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, the primary bases for providing a subsidy. The special needs definition used in adoption varies by state, but includes both disabilities and other factors, such as age, that make finding an adoptive home more challenging.

The median monthly subsidy amount was \$444 per month. At the state level, median subsidies ranged from \$171 to \$876 monthly. Although states have the option of offering payment agreements that don't start immediately, providing the basis to award a subsidy in the future if the child's needs change, very few adopted children were shown as having an adoption assistance agreement with what appeared to be a placeholder payment 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 Title IV-E eligibility provided subsidies to more children. Multivariate analyses found associations between Title IV-E eligibility and subsidy receipt and amount. States with higher federal matching rates (indicating lower state per capita income) 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. 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 single females received higher subsidies than those adopted by married couples.

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 possible using state administrative databases, with greater opportunities to compare children's foster care and adoption experiences. These analyses, however, make use of AFCARS to provide an overview of how adoption subsidies are used to encourage permanency for children.

A copy of the full report is available at <http://aspe.hhs.gov/hsp/05/adoption-subsidies>.

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