

THE IMPACT OF PAYMENT RATES ON MICHIGAN CHILD WELFARE
ADOPTIONS

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I. INTRODUCTION

Millions of children have moved through the United States child welfare system. They entered the system, some as newborn babies and some as teenagers, because they were abused or neglected or simply unwanted, and looked to the government for protection. As American society has changed over time, the approaches to caring for these children have changed as well. Over the years, children have been sent to orphanages, spent long years in foster care, or been allowed to stay in their family's home while family preservation programs tried to remedy the underlying problems.

There have been major philosophical divisions over the appropriateness of family disruption, the length of time before terminating parental rights and freeing a child for adoption, and how to match an adoptive child with a new family. Meanwhile, the numbers of children in the child welfare system continue to grow. These issues continue to evolve as attitudes toward families and government responsibility/intervention change.

According to a report by the U.S. General Accounting Office (GAO), the number of children in foster care has nearly doubled since the mid-1980's to an estimated population of 520,000 in 1998 (GAO 1999, p. 3). The state of Michigan has one of the largest child welfare populations in the United States, although its foster care population has grown at a slower rate than the GAO's estimates. A study by Wulczyn, Brunner & Goerge (1999) shows that Michigan's end-of-year counts of children in foster care grew from 9,977 in 1987 to 12,636 in 1996, a 27% increase in nine years (p. 8). Most child welfare adoptions in

Michigan are done by private agencies under contract with the Michigan Family Independence Agency (FIA). This process involves finding adoptive homes for children, most of whom are in foster care. Adoptive families can be recruited from foster families, relatives, or the general public. Several issues have complicated the recruitment of adoptive families over the years, primarily pertaining to attitudes about racial “compatibility”, characteristics of an “appropriate” adoptive family, and whether allowing foster parents to adopt leads to a conflict of interest in determining if a child will be returned to his or her birth family. However, some would allege that these issues amount to little more than a smokescreen that enables private agencies to keep children in foster care and continue to collect their per diem revenues.

In response to Michigan’s growing foster care population, FIA changed its policy for paying the private agencies with which it contracts for adoptions. Prior to 1992, the State’s policy was to pay the private agencies either a flat rate or a rate per “contact hour” for each child welfare adoption completed. In 1992, the policy was changed to implement a performance-based system that pays the agencies based on the swiftness of the adoption, with the highest rates paid for the fastest adoptions. With this change, the State expected that a stronger financial incentive for the agencies to complete adoptions would lead to an increase in the number of adoptions, especially for those children who have historically taken the longest to place.

Purpose of the Study

This paper will present a socioeconomic analysis of child welfare adoptions in the United States. The evolution of attitudes and policies concerning these adoptions have been intricately tied to the plethora of social changes that have occurred in the United States, particularly since the 1960's. Much of what we know focuses on the demographics of children within the child welfare system: their age, race, and length of stay. However, there are barriers within the child welfare system itself that may explain why it takes so many months or years for some children to be adopted. One of these barriers is the financial arrangement that pays agencies while a child is in foster care. This arrangement has been said to provide a reverse incentive, since an agency continues to receive payment for each day a child is in care. Accordingly, the financial incentives have favored keeping a child in foster care rather than finding an adoptive family for him or her.

In Michigan, the financial incentives to private agencies have been changed to provide larger payments for the quickest adoptions. This paper examines child welfare adoptions in Michigan both prior and subsequent to the 1992 payment change. The focus of the study will be to determine whether or not significant changes in Michigan child welfare adoptions have occurred since 1992, by comparing placements by private agencies to those done directly by the State, and by comparison to trends in Michigan's total foster care population. If this analysis shows that adoptions by private agencies increased significantly after

1992, it may strengthen the argument that the barriers to adoption have more to do with its financial arrangements than to demographic factors.

Section II reviews the history of adoption, and focuses on how it has changed in response to the evolution of American society, particularly since the 1960s. Section III will examine the child welfare system in the United States, as it relates to policies and practices at various levels of government and private agencies, and how the amount of payment to private agencies may impact the number of adoptions. This section will also present a summary of the research on how a child's age and race may impact his or her chances for adoption. Section IV explains the change in Michigan's payment arrangements for adoptions, and looks at the numbers and characteristics of child welfare adoptions before and after the payment change. Section V will provide a summary of this study's findings, and will offer suggestions for further research on this subject.

II. ADOPTIONS IN HISTORICAL CONTEXT

The position of American society regarding both adoptive parents and children has evolved considerably in the last forty years. This section will examine some of the reasons why motives and attitudes toward adoption have changed.

From ancient roots to modern times

Adoptions in the ancient world were frequently intended to provide legal heirs to the childless. The practice of adoption can be traced to the ancient cultures of the Middle East, where the earliest laws are found in the Code of Hammurabi written in the 1700's B.C.E. There are numerous references to adoption in the Bible, including the story of one of history's most famous adoptees, Moses.

In the United States, the motives for adoption have changed over time. During the age of slavery, children were taken from their parents involuntarily and indentured. By the early decades of the twentieth century, parents voluntarily gave up children because they could not afford to care for them. During the 1940's, there were waiting lists to get children into orphanages. One of the largest sources of adoptable children has been the children born to unmarried mothers, who "gave up" their babies for adoption because of strong societal mores against pre-marital sex and single parenthood.

Through the mid-twentieth century, adoptions were mainly private sector transactions, centered on finding babies for childless couples. Typically, those who adopted children were childless white couples that had to be certified as infertile by their doctors before they could adopt. Adoptions were often shrouded

in secrecy, as a result of the stigmas associated with both the adoptee children, who were considered “illegitimate” or “unwanted”, and adoptive parents who felt exposed as having fertility problems. Couples seeking to adopt not only wanted healthy infants, but also looked for children with physical characteristics similar to their own so that the child would look as though he or she were the couple’s biological child.

From the private sector to the public sector

During the late 1960’s and through the 1970’s, the dynamics of adoption began to change in response to changes taking place in United States society. Pine (1986) refers to two factors that “created a dynamic tension of the sort usually associated with scarce resources”: an increase in the number of parents wanting to adopt children, and a decrease in the number of children available through the private sector (p. 341). The reasons more parents wanted to adopt, according to Pine, were directly related to emerging concerns over population growth. Consequently, people who wanted to increase the size of their families, but were worried at the same time about population growth, joined infertile couples wanting to adopt. This time period also saw the advent of modern contraceptives and the legalization of abortion, resulting in a decline in the number of unintended pregnancies. In addition to this decline in births, easing of the stigma associated with single motherhood led more unmarried women to keep their babies, further decreasing the supply of adoptable babies (Michigan Federation, 1993, p. 2).

The dwindling supply of infants available for adoption in the private sector led to a number of significant developments in the public sector. A “black market” for infants materialized, which eventually led to legislative attention to adoption practices. People also looked for other legitimate sources of children who might be adoptable – older children, children of other races, etc. - which directed attention to the public sector: to children in the custody of the child welfare system. Additionally, the rise in international adoptions highlighted barriers to adopting children in the United States. Many of these same barriers have persisted until the present time, when the numbers of children available for adoption far exceed the numbers willing or able to adopt them.

Agencies thus began to view adoptive parents as resources for children rather than clients seeking to deal with their infertility through adoption. Yet at a time when there were more families wanting to adopt than there were children described as being adoptable, a variety of policies, procedures, and practices developed to limit the number of families to whom an agency would respond. Factors such as age, marital status, length of marriage, type of housing, income, religion, and physical features such as height and weight became criteria for screening families out of the process (Lakin & Whitfield 1997, p. 110).

At the same time, public awareness of child abuse was increasing, particularly after a 1962 study of “battered child syndrome”, which horrified the public and led to the enactment of laws requiring teachers and physicians to report suspected child abuse.

The watershed years: 1970's – 1980's

The link between child abuse and economic conditions has been established by a number of researchers (Crampton et al., 1994; Michigan Federation, 1993).

According to Freundlich (1997), "Poverty has consistently been identified as a key factor in child abuse and neglect" (p. 37). There were several periods of recession and high unemployment during the 1970s and 1980s. Zinn (1998) refers to the "maldistribution of wealth" in the late 1970's, evidenced by unemployment rates of twenty to thirty percent for certain segments of the population, and quotes economist Andrew Zimbalist's finding that "the top 10 percent of the American population had an income thirty times that of the bottom tenth" (p. 338). This is particularly relevant in Michigan where, according to a study by Zagaroli (quoted in Crampton et al. 1994),

Between 1969 and 1989, the poverty rate for Michigan's children grew faster than in any other state, nearly doubling from 9.4% to 18.2%. This statistic is one of many which demonstrate that changing economic and demographic conditions threaten the well-being of Michigan's children and families as well as the future of our state. As the poverty of Michigan's children has increased, the state has gained responsibility for the protection, care and raising of more children (p. 1).

Reports of child abuse were increasing, and the public's attention began to focus on the problem. The mechanisms for placing more children in foster care were in place, and the child welfare system began to grow. "The availability of federal funding for foster care and the adoption of mandatory reporting laws are commonly cited as reasons for the sharp increase in the foster care population in the mid-1970s", from a national average of 300,000 in care between 1962 and 1972, to 502,000 by 1977 (Cox 1998, p. 14).

As the numbers of children in the system burgeoned, and the system strained under these rapidly growing numbers, attention eventually focused on how long children remained in foster care. The foster care system was funded through the

Social Security Act, and concern grew that this seemingly limitless source of funds was keeping children in the system too long. Additionally, as various “rights” movements prodded the public conscience, people began to question the adequacy of rights for abused children. Pine (1986) points out that the “age of accountability” that arose in the 1970’s, together with growing distrust of government in the aftermath of the Vietnam War and Watergate, extended to the child welfare system. It “could be seen as ... a consumer movement, as advocates for change stressed improving services for those receiving them – children and families – and increased attention was paid to their participation in decision making” (p. 344-345).

In 1975, a U. S. Senate subcommittee held hearings on foster care and adoptions that ultimately led to passage of the Adoption Assistance and Child Welfare Act of 1980 (P.L. 96-272). This law capped federal funding for foster care and gave states the ability to redirect funds to other services if foster care expenditures were kept below the cap. Pecora, et al. observed that “[t]hese federal limitations on foster care maintenance payments represent an important reform, as heretofore federal funds acted as an incentive to keep children in foster care” (1992, p. 22). Another important element of P.L. 96-272 was the “front end” focus on “reducing the number of children facing extended stays in foster care by preventing, or mending, the breakup of families” (Cox, 1998, p. 8). Such programs, commonly known as “family preservation” programs, have met with varying amounts of controversy in the past 20 years.

Although there appeared to be a drop-off in the numbers of children entering the foster care system after the enactment of P.L. 96-272, the numbers of children in foster care began rising again in the mid-1980's. There is widespread consensus that this was attributable to two major factors: 1) the prevalence of illegal drugs, which has been linked to increased incidences of child abuse, and 2) fewer children leaving the system than entering. The reasons that fewer children exit than enter the foster care system are a focal point of this paper. One argument is that the demographics are the cause: children in foster care are predominantly non-Caucasian, older, and have more severe medical and emotional problems, all of which make them less desirable candidates for adoption. The opposing argument is that there are people eager to adopt these children, but attitudes against transracial adoption combined with financial policies that favor keeping children in foster care have resulted in the existing demographics. Perlman (1994) summed up the situation as follows:

...[A]s more children came in, child welfare agencies, many of them also suffering under budget and staff cuts, got no better at moving children out. Unwieldy bureaucracy isn't the only obstacle. Well-meaning policies aimed at preserving families or matching children with adoptive parents of the same race often keep kids from getting what they need most: a stable, permanent family situation (p. 33).

The 1990's and beyond

The numbers of children in foster care have remained near the half-million mark through most of the 1990's. Although economic conditions have steadily improved, "children in the United States continue to be resiliently poor"

(Freundlich 1997, p. 37). Drug and alcohol abuse remains pervasive in certain sectors. Gibeaut (1997) points out that "home for many children has become increasingly dangerous" due to increases in crack cocaine and methamphetamine use (p. 45). A study by Mitchell and Savage estimated that between eight and ten million children under the age of 18 are directly affected by parents with substance abuse problems, and that minimally "675,000 children (are) seriously mistreated annually by a substance abusing caretaker" (quoted in Pecora et al., 1992, p. 25). Predictably, child abuse statistics have remained high. "All major urban areas are reporting unmanageable numbers of infants and young children coming into out-of-home care as the result of parental addiction..." (McKenzie 1993, p. 63). Even after nearly two decades of family preservation programs, children continue to pour into the child welfare system.

A harsh assessment of the backlog of children in the child welfare system was expressed in testimony of the National Council for Adoptions before the Senate Finance Committee:

Since passage of the Adoption Assistance and Child Welfare Act of 1980, the ideology of "family preservation" has reigned supreme as an intervention to help at-risk children....[T]he ideology that "family preservation" and "reunification" were the only legitimate ends of the public welfare system was reinforced in speech and in the funding streams from the federal government.... Given this culture, it is not surprising that adoption has increasingly come to be viewed as a failure and that fewer and fewer children are benefiting from the permanent, loving stability that adoption offers (Promotion of Adoption, 1997, p. 218-219).

Adoption was no longer considered a service that finds children for childless couples; it was a growing industry looking to find parents for children. Freundlich expressed this as a shift in supply and demand. The demand had become driven

by the needs of children for parents rather than the desires of childless couples. The supply necessary to meet the demand was a sufficient number of adoptive parents, rather than healthy babies (1997, p. 34).

III. ADOPTIONS WITHIN THE CHILD WELFARE SYSTEM

There are many variables related to child welfare adoptions. Some relate to the structure of the system itself: legislation, government agencies' policies, and their interface with private agencies. There are also demographic variables related to the children themselves, particularly those of age and race.

The role of government

The legal basis for funding foster care and adoption services from 1980 until 1997 was the "Adoption Assistance and Child Welfare Act of 1980", otherwise known as P.L. 96-272. In addition to increasing federal financial support for child welfare services, its chief goals were to direct the programmatic efforts of services to abused children, and to create incentive-based funding for states.

The program requirements were aimed at reducing the flow of children into foster care by mandating that states develop programs aimed at preventing family separation. Pilot "family preservation" programs were already running in several states. The idea of treating the underlying conditions, which historically have resulted in children being removed from the home, through intensive in-home services was appealing. The chief stated objective of foster care has long been to remove the child until the home could be made safe enough for his/her return, and social workers have traditionally considered returning a child to the birth family their primary mission. If the conditions underlying abuse or neglect could be remedied without removing the child from the home, not only would it be less expensive for the government, but better for the family as well. States were now directed by the federal government to adopt these types of programs.

For those families for whom in-home programs were not a viable option, foster care remained the next step. However, the tap from which funding for foster care flowed was being slowed. Payment rates were capped at existing levels, and attempts were made to contain the length of time a child would stay in care. The financial incentive put forth was that if states could reduce their foster care costs, the federal government would allow them to spend the savings on other programs. There was emphasis on accountability and rewards for successful efforts.

If, after “reasonable efforts” were made to reunite a child with the parents, the child could not safely return home, then the federal government made it clear that adoption was the preferred alternative, and it made subsidies available to help encourage that goal. Not only would states be reimbursed for their costs in placing the child in an adoptive home, but adoptive parents who needed help with the costs associated with bringing a child into the family would receive federal financial assistance as well.

This legislation was considered an important step in the efforts to reduce the numbers of children in foster care. The act “discourages state use of custodial foster care” by making funding contingent on program reforms (Pecora et al. 1992, p. 21). The underlying implication was that the system lacked adequate controls, and practices would not change unless the financial incentives were changed. Until about 1988, it appeared that this effort had been successful. The numbers of children in foster care dropped from over a half million in 1977 to under 300,000 in 1982, and stayed below 300,000 until approximately 1987.

Federal funds and federal mandates were thus put in the hands of the states for implementation. Predictably, given the numbers and diversity of states, the programs and procedures enacted by the states were far from uniform. Although the problems and federal laws were common among all states, each state had its “own attributes, its own laws and culture, and its own approach to problem solving” (Goerge et al., 1996, p. 12). This fueled a major criticism of P.L. 96-272, which was that the federal law was too vague, and promoted an uneven patchwork of state policies to deal with a serious, growing problem, while allowing for uneven protection of children. “The latitude given to states... has resulted in a situation in which children with essentially identical characteristics living in different states have differential access to federal adoption support under the same law” (Avery & Mont 1997, p. 157). Nevertheless, the concept of allowing states to design and implement their own child welfare policies has continued.

States handle child welfare programs through their own agencies, through contracts with private agencies, or some combination of both. As stated before, all states operate under their own policies and practices, as well as federal laws. Now, another layer is added to the system: the policies, practices, and culture of the agencies. Private agencies in particular, which are used in Michigan to administer the majority of foster care and adoption cases, develop cultures which reflect their local communities and the philosophies of their management. Their relationships with state and federal agencies are often hostile, yet symbiotic.

The role of agencies

After removing a child from the home, the state agency places a child in a foster home that is administered by a private agency. The caseworkers employed by private agencies work with the children, the foster families, and the birth families toward either a plan of eventual reunification, or termination of parental rights. Although the state is the legal guardian of the child throughout this process, much of the discretion regarding the outcome resides with the private agencies. The state's role is mainly one of oversight, and it relies heavily on the information it receives from the agency in determining a child's eventual outcome. In return, the private agency is paid an administrative payment by the state for each day that a child is in foster care. The more children that are in foster care and the more days each child remains in foster care, the more revenue an agency receives. Given the large numbers of children in foster care, and the lack of adequate resources for monitoring so many children, both in terms of personnel and technology, it is difficult for states to manage their foster care populations.

This payment arrangement forms the basis for allegations of reverse incentives for keeping kids in foster care. The daily rate of payment is generally regarded by child welfare agencies to be considerably less than they need, so as long as rates remain low there is a need for volume in order to obtain sufficient revenues to operate. It becomes easy to see that if a foster child is adopted, although the agency receives payment for the adoption, it loses the long-term revenue stream that it would have had if the child remained in foster care. Since

the federal mandate is to place fewer children in foster care, the opening left by an adopted child might not be filled right away, if ever. Agencies lose revenue. The state, however, loses nothing because the financial incentives are in place whereby the federal government will reward the state with money for other programs.

The discretion given to private agencies in deciding the fate of children in their custody has been a cornerstone of the criticisms leveled against the child welfare system. In the worst case, the overall culture of these agencies has been portrayed as one where “inexperience, low salaries, high turnover and lax supervision all help create a culture where just getting by is satisfactory” (Gibeaut 1977, p. 46). States dictate policy to private agencies, under P.L. 96-272, but the day-to-day contact with the children and their families is done by the agencies, who interpret state policies in addition to developing their own policies. Agency policies, in turn, influence the actions and decisions of the caseworkers as to their recommendations of if or when a child will return home, dealings with the courts, and if or when a child is adopted. The potential for abusing the rights of children by keeping them in foster care unnecessarily was expressed by a special needs adoption advocate in testimony before the U.S. Senate: “It is our unavoidable conclusion that the biggest single barrier to adoption is the fact that the children have become profit centers for agencies: (Promotion of Adoption, 1997, p. 25).

Several researchers have expressed this concern. According to Richard Barth, “Policy and program guidelines provide practitioners with wide latitude in

determining the best placement for a child. The path of least resistance is to proceed with long-term foster care arrangements and circumvent adoption” (1997b, p. 172). Pecora et al. raised concerns that “social workers with narrow ideas about ‘adoptability’” may not try to find adoptive homes for certain children (1992, p. 386-387). Lakin and Whitfield also emphasize the role of caseworkers’ values and attitudes, which can stand as barriers to a child’s adoption (1997, p. 121-122). Barth et al. stated that, “At this time, adoption does not provide a major exit from foster care for America’s children” because “child welfare professionals find a hundred excuses for denying children adoptive homes – the biggest being that a child is unadoptable” (1994, p. 263).

To recap, federal laws and policies are handed down to the states, which are then responsible for designing the programs and policies that will carry out the federal mandate. States then turn to private agencies to administer services to children placed in foster care and their families. Private agencies develop their own policies and procedures, to be carried out by caseworkers. Caseworkers utilize their professional judgment and beliefs about what is in a child’s best interest, as well as considering the options they perceive to be available. As indicated, there are concerns about the abilities and motives of agencies caring for foster children, as well as the attitudes of the social workers that are instrumental to the children’s outcomes in the absence of more uniform and specific policies regarding “the child’s best interests”. A review of the characteristics and eventual outcomes of children who travel the path from foster

care to adoption will bring our focus to the problems of exiting the child welfare system.

The demographics of adoption

Statistics regarding foster care and adoption in the United States are difficult to obtain, because of the lack of a national database. Efforts are currently under way to complete such a database, under mandate by the federal government. However, research has identified some important characteristics and selected statistics that present a fairly uniform picture of adoptable children. The term “special needs” is commonly used when referring to these children, and generally refer to children who are non-Caucasian, older, are part of a sibling group, and/or have medical/emotional problems. However, Kleiman points out that “this term covers virtually all children who are freed for adoption from the foster care system because certain adoption policies actually turn ‘normal’ children into ‘special needs’ children” (1997, p. 334).

The effects of medical and emotional problems on the odds of adoption have received relatively less attention in the research to date, but that could be expected to change with the numbers of children entering the system because of substance abusing parents. Lakin and Whitfield explain that “because of advances in technology that allow them to survive, many of these young children have complex medical needs, have been exposed to drugs and alcohol in utero, and/or have AIDS” (1997, p. 111). However, research by Barth and Glidden (quoted in Barth, 1997a) finds that “evidence has been available to the adoption community that the adoptive parents of children born drug-exposed are as

satisfied as any other parents with their adoption. Further, adoptive homes for medically and cognitively impaired children have long been available” (Barth 1997a, p. 298). Considerably more is known about the effects of age and race on adoption.

The impact of age on adoption.

The age at which a child becomes eligible for adoption has been found to have a strong correlation to the odds of adoption. A study by Tatara (quoted in Freundlich 1997, p. 36) of fiscal year 1990 child welfare adoptions found the following:

- 55% were children between birth and 5 years of age
- 37.4% were children age 6-12
- 7.7% were children age 13-18.

The same study found that of children waiting for adoption:

- 4% were under age 1
- 36.2% were age 1-5
- 43.2% were age 6-12
- 15.3% were age 13-18.

A California study conducted by Barth, covering the years 1988 to 1992, also found that infants are more likely to be adopted, and that the chances of adoption decrease with a child’s age (Barth 1997a, p. 289). The reasons for this phenomenon have been linked with the historical preference for infants over older children. “Most parents want to adopt infants and young children so as not to miss out on any aspects of parenting”, according to Kleiman (1997, p. 357).

Children also “age” while waiting for an adoptive placement, given the length of time it may take for the system to deal with their cases. A 1991 study of 20 states found that children whose goal was adoption stayed in foster care an average of 3.5 to 5.5 years, and associated such long stays in foster care with lesser chances of adoption (McKenzie 1993, p. 63).

In summarizing the research in this area, Barth states:

Many barriers to adoption exist, but one of them is certainly the aging of children prior to placement. As children get older, it is harder to find adoptive families for them and harder to keep them adopted.... Researchers consistently conclude that the older children are at the point of eligibility for adoption, the less likely they are to be adopted and stay adopted. In essence, adoption delayed is adoption denied. (1994, p. 154).

There are special challenges associated with adopting older children. They are more likely to bear the psychological scars of abuse and separation, and therefore require a different type of parenting. Pecora, et al. (1992) concluded that, “The placement of older children for adoption has greatly changed the historic purpose and scope of adoptions” (p. 368), because older children require more social commitment on the part of the adoptive parents.

The effects of race on adoption.

Studies of the impact of race on adoption are plentiful and touch on controversial issues. Kleiman concludes,

Race appears to be the most powerful determinant of placement rate. On average, a black child will wait twice as long as a white child before being placed in a permanent home; a healthy black infant will wait approximately five times longer for placement than a healthy white infant (1997, p. 353).

An understanding of the effects of race on adoption is crucial because of the numbers of non-Caucasian children in the child welfare system. Numerous studies have concluded that there is an overrepresentation of “children of color” in the foster care system, and that they wait longer than white children for adoption (Freundlich 1997, p. 49). According to Gustavsson and Segal, “Minority children are at an elevated risk for placement and are likely to spend more time in care than are white children.” They found that minority children represent 46% of the foster care population, but that “this pattern is reversed when examining the race of children leaving care” (1994, p. 94). Lakin and Whitfield call the plight of minority children “alarming”: “The proportion of children of color and minority ethnicity (African-American, Hispanic, and Native American) in the child welfare system is three times greater than their proportion in the nation’s population” (1997, p. 111-112). Barth agrees that concern is greatest for Black and Latino children because of their overrepresentation in the child welfare system (1997a, p. 286).

Not only are “minority” children overrepresented in the child welfare system, they are less likely to leave the system until they “age out” at age 18. According to McKenzie, “Children of color are overrepresented in these statistics and are known to wait longer than Caucasian children for adoption, if and when they are targeted for this service” (1993, p. 63). A 1986 study by Westat (quoted in Lakin & Whitfield 1997, p. 113) found that “race/ethnicity was the single strongest predictor of whether a child was in an adoptive placement, with children of color being much less likely to be in an adoptive placement.”

A series of studies by Barth (1997a, p. 287-294) found the following:

- In New York, Caucasian children were adopted at twice the rate of non-Caucasian children between 1985 and 1989;
- Of the 2400 children entering Michigan's child welfare system during the 1980s, African-American children were adopted at one-third the rate of white children;
- A 1988-1992 California study found that African-American children were twice as likely to remain in foster care as be adopted, while white children were twice as likely to be adopted, and Latino children were equally likely to be adopted as to remain in foster care.

Barth was unable in these studies to shed much light on the reasons why African-American children are less likely to be adopted. Although he points to speculation that black children may be more likely to have prenatal drug exposure and therefore be more difficult to care for, he concluded that there is no empirical basis for this position. Rather, he concludes that "[t]here may... be other unmeasured factors that distinguish African-American children from other children and that work against adoption" (Barth 1997a, p. 298). The reasons other researchers find for the relationship between race and a child's chances for adoption tend to focus on two factors: expectations regarding the chances of finding homes for non-Caucasian children, and attitudes towards transracial adoption, both within society and among child welfare professionals.

The overall chances for adoption appear to be related to perceptions about whether a child is adoptable, which are almost certain to lead to self-fulfilling

prophecies. "Adoption as a placement outcome depends both on adoption workers' perceptions of which children are adoptable and on the availability of adoptive homes...[A]doption workers often wait until a specific home is available before freeing the child for adoption" (Barth & Berry 1994, p. 328).

According to Perlman, social workers often will not release minority children for adoption because they believe there are no minority homes available. Instead, they wait until a minority home has been located, which she says "results in misleading statistics relating to the actual number of children available for adoption" (1994, p. 337). Lakin and Whitfield concur with this assessment, finding that adoption may not even be considered for many black children because of beliefs that black homes are not available for them (1997, p. 113). Kleiman concludes, "even a mild preference for same-race adoption can cause a harmful delay in placement" (1997, p. 353-354). Even when black parents adopt black children, a study by Barth, Courtney, Berrick & Albert (1994) found that "adoptions by parents of color are taking considerably longer than adoptions by Caucasian parents" (p. 175).

The practice of race matching has been seen as both a barrier to adoption, and as a protection for minority children against the loss of racial identity. In 1994, the federal government sought to remove race matching as a barrier to adoption by enacting the "Howard M. Metzenbaum Multi-Ethnic Placement Act", which outlaws the use of race or ethnicity as a reason for delaying or denying adoption. However, according to Perlman (1994, p. 34),

... even when laws or policies require that children be moved to waiting homes with parents of any race, that doesn't mean caseworkers don't have

personal beliefs they act on; many social workers will delay adoptions to search for racially matching families.

Kleiman's research has found that race matching in child welfare adoptions has been a persistent practice, partly because of pressure exerted by the National Association of Black Social Workers (NABSW), and also because it is easy to hide. "Although federal courts have held that race may not be the sole determinative factor in denying an adoption, practice does not follow this rule", due to the "highly subjective and discretionary assessment of what placement is in the 'best interest of the child'" (1997, p. 339).

The reasons for and against transracial adoptions reflect deep-seated views about race in America, because the issue usually involves adoption of a black child by a white family. The view of the NABSW is that such adoptions amount to "cultural genocide" and will lead to an erosion of black cultural identity for these children. There is concern, as well, that Americans' attitudes towards race preclude true acceptance of a black child being raised in a white home, based on the belief that a black child will never really "fit in" to white society. However, if the alternative is to leave increasing numbers of black children to grow up in foster care, others, including the NAACP that has endorsed transracial adoption, find this alternative more harmful to children.

Studies have found that transracial adoption is generally successful, in terms of the children's self-concept and their adjustment (Pecora et al. 1992, Kleiman 1997, Barth 1997a). This is significant, in light of the fact that most of the special needs children that are available for adoption are of minority descent, while most potential adoptive parents are white (Kleiman 1997, p. 335-336). But, the

barriers to transracial adoption are difficult to traverse. Even though the Metzenbaum Act prohibits the use of race as a factor in delaying or denying adoption, in practice this can be very difficult to detect or prove. It is also difficult to determine whether race matching serves to keep a child as a “profit center” in foster care, or if the attitudes and personal beliefs of some child welfare professionals about the child’s “best interests” prevent children from finding permanent homes. Barth says, “...as distasteful as this may be to many adoption specialists of all ethnic backgrounds, reducing the emphasis on racial matching must be a component of any serious plan to provide equal rights to a family for African American children” (1997a, p. 302). Kleiman’s perspective is:

Ideally, a less stringent race-matching standard would fight against the tendency to always think in racial terms. It is impossible to achieve integration and combat racism when public policies such as race-matching perpetuate separatism and the ancient premium placed on racial purity (1997, p. 347).

These are the major obstacles identified regarding the role of race in a child’s chances of adoption. The question remains to be answered whether or not providing a financial incentive for finding an adoptive home for a child of minority descent will overcome the obstacles.

Financing child welfare adoptions

The age and race of a child, and how those factors relate to the child’s chances of being adopted, may reflect the effects of the system rather than the causes of adoption statistics. It is possible that “older” children have never been adopted because they have aged while in the system: waiting to be freed for

adoption or waiting for the “right” adoptive home. There may be more children of color waiting to be adopted because racial issues can be hidden behind the screen of the “child’s best interests”. Reverse financial incentives can make these attitudes and practices profitable. Additionally, for those who advocated for keeping abused children in the home and implementing less expensive family preservation programs, adoption is equated with failure.

In a study more than twenty-five years ago, Young & Allen (1977, p. 250-251) considered why financial incentives might reflect motives that are not in children’s best interests:

If the agencies have other options, such as providing ongoing foster care at another fee, they may find it unwise financially to place a foster child in an adoptive home....Effectively, these fees constitute a series of financial incentives and disincentives such that the public sector theoretically provides adequate reimbursement for those activities it considers most desirable and inadequate reimbursement for those it does not.

A few years later, P.L. 96-272 continued to fund foster care, albeit with capped rates, but the law focused on keeping children out of the system to begin with, rather than helping those already in the system to leave. Although it appeared that this legislation was effective in reducing the numbers of children in foster care, by the late 1980s the system was swelling again, and the numbers have remained high ever since. Much of the blame goes to the federal government. “Critics of federal policy have asserted that federal funding practices create an incentive for child welfare agencies to maintain children in foster care rather than move them into adoption” (Cox 1998, p. 9). Another critic of the process said in testimony before the Senate Finance Committee:

We need to change the dynamics of the system by instituting an incentive structure that will reward good performance and sanction bad performance.... We must move from the process-oriented requirements of current law to a results-oriented performance system. ... [T]he current child welfare law nowhere states what the goal of the system is.... Under the current law, the worse your performance is, the bigger your grant (Promotion of Adoption 1997, p. 40).

Blame also accrues to state governments:

Despite innovative strategies, recruitment is often hampered by current fiscal arrangements and policies. Especially troublesome is the failure of most states to reimburse private adoption agencies adequately for making and maintaining the placements of high-risk children. If state governments were serious about capitalizing on the exceptionally generous in-kind contributions made by adopting families, they would double their reimbursements to agencies....” (Pecora et al., 1992, p. 385).

To recap, the number of children needing adoptive homes has been growing since the late 1980s. However, there are many identified barriers to accomplishing the goal of moving children from foster care to adoptive homes. Perhaps the largest barrier is a system that is complex and cumbersome: a multi-layered weave of federal, state, and local laws passed on to agencies. Agencies and the caseworkers who are employed by them have their own policies, attitudes, and values that can become barriers that directly impact a child’s chances for adoption. Various factions within society voice strong opinions, as well, regarding who should be allowed to adopt, placing another barrier in the process when it is already difficult to find adoptive homes. Finally, there is the appearance of a funding policy that rewards agencies for not placing a child for adoption. Are older and non-Caucasian children not being adopted because they are less desirable than white infants, or because financial policies reward

keeping these children in the system? To what degree does this financial barrier allow the other barriers to thrive?

In 1992, the State of Michigan addressed the problem of growing numbers of children in foster care by changing its financial incentives to private agencies.

The question to be answered is, did doing so make a difference?

IV. ADOPTIONS IN MICHIGAN

A study by McKenzie (1993) called Michigan a “bellwether state because several developments of national significance originated there” (p. 64):

- The founding in Ann Arbor of the Council on Adoptable Children, which later became the North American Council on Adoptable Children, an advocacy group. This organization became a part of the Child Welfare League of America in 1975.
- The founding of Spaulding for Children, which developed from the 1967 “Frontiers in Adoption” conference. This organization is an agency dedicated to the adoption of special needs children. In 1985, the federal government established the National Resource Center for Special Needs Adoption at Spaulding, which provides technical assistance and training to agencies and states. In its first 5 years, this organization trained over 25,000 professionals and parents throughout the country.
- Also originating from the Frontiers in Adoption conference was Homes for Black Children, in Detroit, which is credited with having demonstrated that black families are eager and available to adopt, contrary to prevailing stereotypes.

Just like the rest of the country, Michigan experienced rising numbers of children entering foster care in the mid 1980s, and began looking for ways to respond. In 1987, a change in child welfare policy was put into law by the legislature, requiring the Michigan Department of Social Services (DSS) to place

foster children through private agencies unless an agency was not available, or there was a religious conflict. Two years later, in 1989, the Michigan legislature mandated that a permanency hearing must be held no later than one year after a child is placed in foster care to determine whether the child can be returned home or should be freed for adoption. (This legislation was considered to be a forerunner to the 1997 Adoption and Safe Families Act, which will be reviewed later in this paper.)

The route from foster care to adoptions in Michigan is typical of the process throughout the United States. A child is removed from the home, usually for reasons of abuse, neglect, or abandonment, based on a determination by FIA (previously known as DSS) or the court. FIA has the authority to place the child in either home or institutional foster care. While the child is in foster care, he or she and the foster family are serviced by a professional caseworker who is either an employee of FIA or a private agency. Private agencies are paid a daily rate for each child in care, according to their contracts with the State. This pays for the agency's casework services, while the foster parents receive a separate payment.

When it is determined that a child should be freed for adoption, the process of terminating parental rights must be completed, during which time the foster care staff maintains control of the child's case. McKenzie notes:

Questions regarding the adoptability of the child are often raised throughout the process and often refuted by the court. Implementation of adoption plans may stop here, with decision making tied to the potential for legal success rather than to the best interests of the child. Children often remain in foster care for extended periods after adoption plans have been made because of delays in completing the necessary

technical work to achieve legal termination (1993, p. 68).

Note that while this process is transpiring, the child is in foster care, and the agency is receiving its daily payment for the child.

After parental rights have been terminated, the child becomes legally free for adoption, and another process begins. This includes assessing and preparing the child, recruiting a new family, preparing and training the new family, pre-placement activities, and paperwork (filing petitions, home studies, legal documents). McKenzie concludes, "Adoption is a labor-intensive service, including both casework and technical procedures" (p. 68).

In April 1992, the payment system for adoptions changed. The previous system paid agencies either a flat amount or a rate per "contact hour", which was defined as certain activities necessary to complete an adoption. The system that took effect in April 1992 was a performance-based system: the faster an adoption could be completed, the more an agency would be paid. The new payment structure was as follows:

- "Standard": \$3,500 paid to an agency for a child in care placed for adoption 7 or more months after permanent wardship
- "Enhanced": \$5,200 paid to an agency for a child in care placed for adoption within 7 months of permanent wardship
- "Premium/MARE": \$8,000 paid to a non-custodial agency for placement of a child registered on the state's photo registry (MARE)

In 1996, these rates were raised, and additional payment categories were added, such as the "5 Month Premium" which pays \$8,600 to agencies for a child in its care placed for adoption within five months of permanent wardship (Family

Independence Agency, 2000). This payment structure, with periodic increases in the rates, remains in effect today. Has it made a difference?

Descriptive statistics

It is instructive to look at the underlying adoptive population in Michigan before and after the adoption payment change in April 1992. Figure 1 shows the total state ward population, the number of those wards with adoption as a goal, and the number of annual adoptions as of September 30 for the years 1987 through 1997. (The term "state ward" refers to those children who are in the custody of the state and are in out-of-home placement.) From 1987 to 1991, the

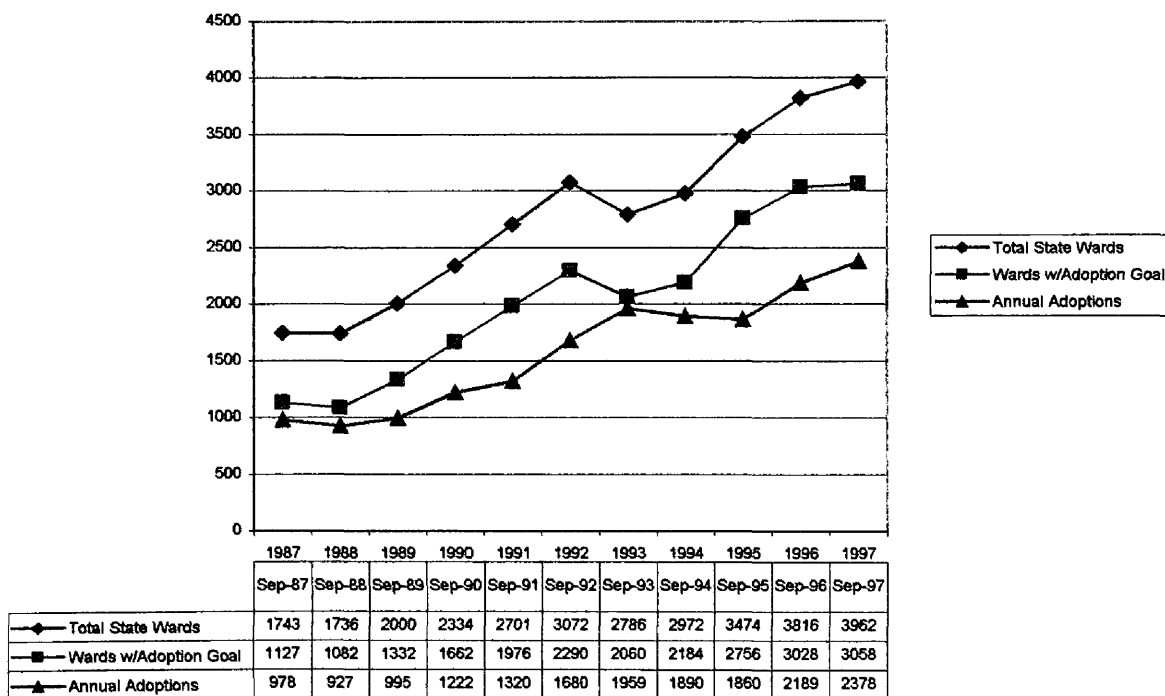


Figure 1. Total state ward population, wards with adoption goal, & annual adoptions.

Source: Michigan Family Independence Agency

state ward population grew by 55%, while the average annual increase in wards with the goal of adoption was 68%. From 1991 to 1997, while the state ward population grew at a slower rate of 47%, the average number of wards with the goal of adoption grew at an average of 76% per year. The rising percentages of children with adoption as their goal reflects decisions made by FIA, private agencies, and the courts to terminate the rights of the parents of an increasing number of children.

A comparison of trends in the numbers of children with adoption goals with the number of adoptions completed before and after 1992 shows a significant increase in adoptions after the payment change. The wards with adoption goal increased 75% from September 1987 to September 1991, but annual adoptions increased only 35% during this same period. However, while the number of wards with adoption goal increased 47% from September 1991 to September 1997, annual adoptions increased 80% during the period.

At the same time that the rate of adoptions was increasing, the proportion of adoptions done by DSS/FIA was declining compared to those by private agencies, as illustrated in Figure 2. Relative placement statistics show that at the beginning of the period under examination, FY 87/88, DSS/FIA and private agencies essentially placed an equal number of children (50.4% and 49.6% respectively). However, by FY 96/97, private agencies accounted for nearly two-thirds of adoptive placements.

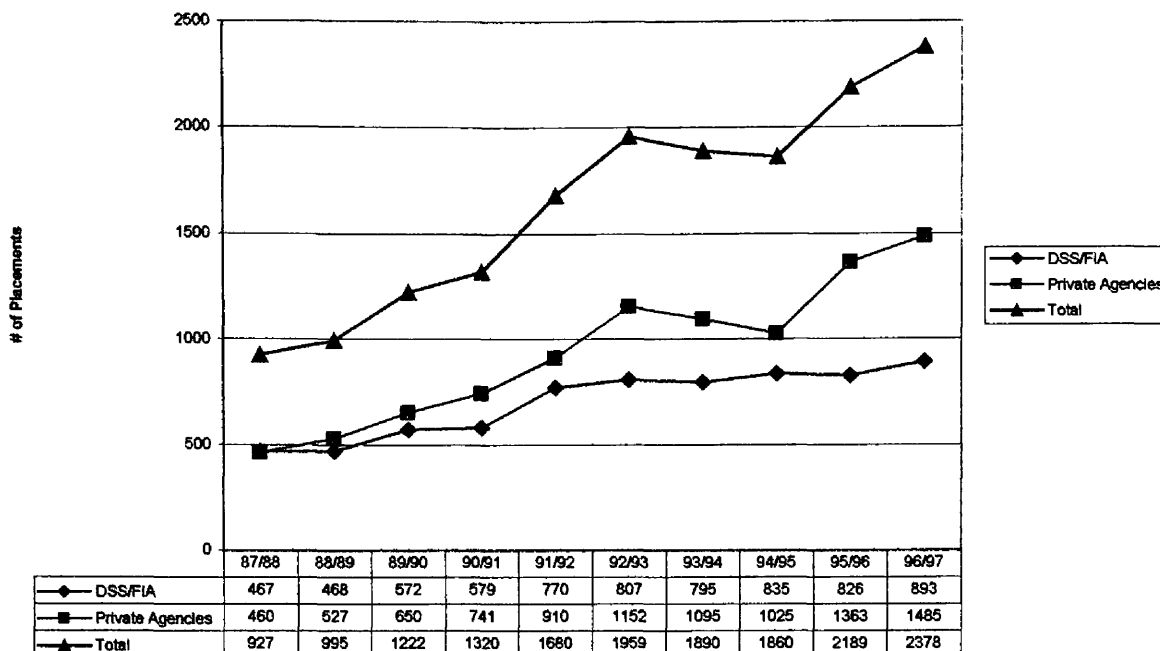


Figure 2. Total adoption placements

Source: Michigan Family Independence Agency

Adoptions by Age

During the years 1988 through 1997, the average age of Michigan's adoptive population grew younger, as shown in Figure 3.

Age 0-5. The population age 0-5 increased 157% from FY 87/88 to FY 91/92, and 31% from FY 91/92 to FY 96/97. The relative placement percentages for DSS/FIA and private agencies, which are shown in Figure 4, remained similar through FY 94/95: on average 44% of placements in this age group were by DSS/FIA, and 56% of placements were by private agencies. A moderate shift in these percentages is noted in FYs 95/96 and 96/97. The placement percentages for DSS/FIA were 37% and 36% respectively, and for private agencies increased to 63% and 64%, respectively.

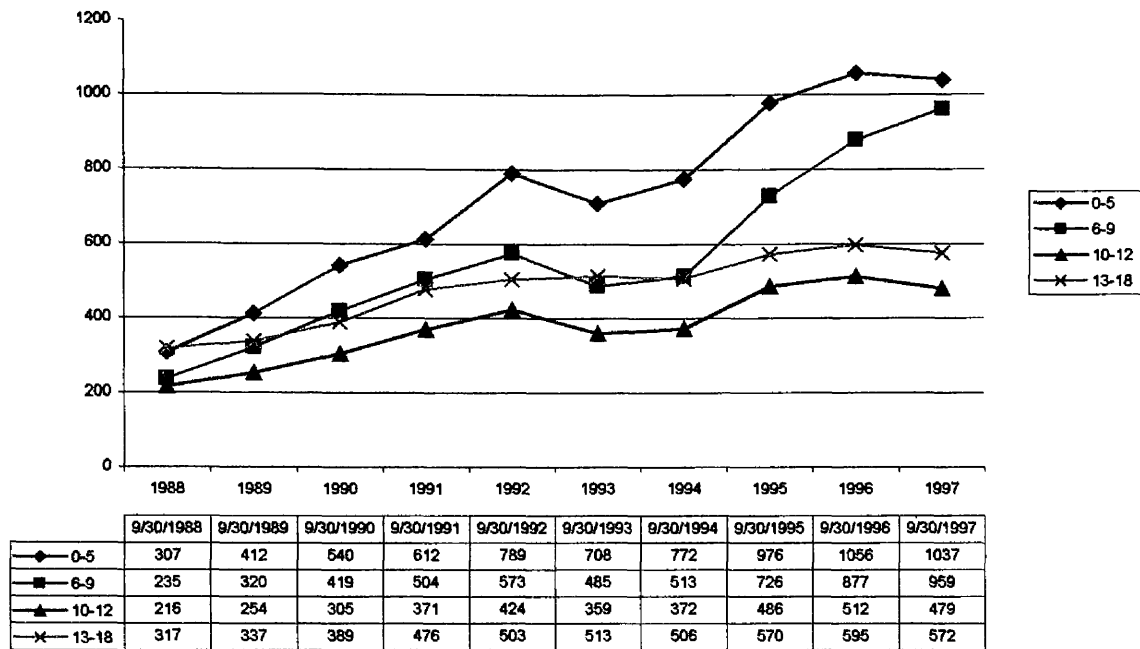


Figure 3. Adoptive population by age

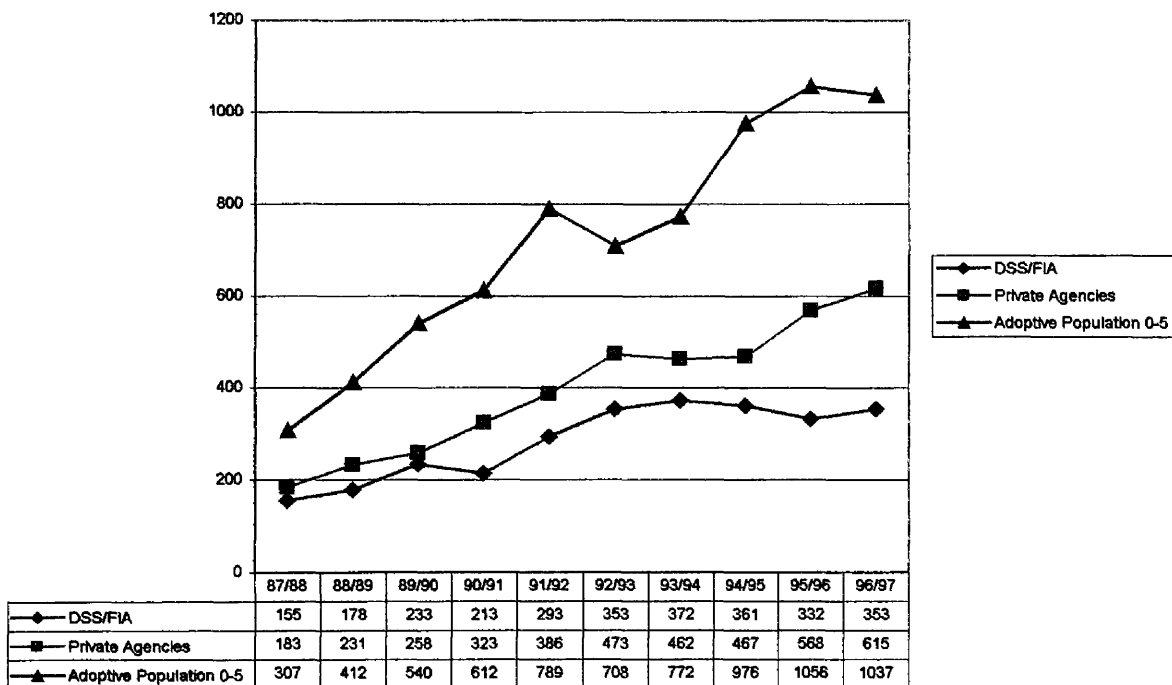


Figure 4. Adoptive population vs. adoption placements age 0-5

Source: Michigan Family Independence Agency

Changes in the number of placements in this age group were greater for private agencies than for DSS/FIA after 1995. The number of placements by DSS remained fairly flat from FY 92/93 through FY 96/97, even though the population had grown by 31%. By comparison, private agencies' placements were also fairly flat in FYs 92/93 through 94/95, but increased 30% over the next two years, which is nearly the same rate as the population growth.

Age 6-9. A similar pattern emerged in the 6-9 age group, shown in Figure 5. From FY 87/88 to 91/92, the population increased 144%, and from 91/92 to 96/97 it increased 64%. The relative placement percentages for DSS/FIA and private agencies were similar to the 0-5 age group: on average 46% of placements were done by DSS/FIA, and 54% were by private agencies through FY 94/95. The shift in relative percentages of placements occurred in FYs 95/96 and 96/97: 38% and 36% respectively for DSS/FIA, and 62% and 64% respectively for private agencies. This age group also saw larger increases in the number of placements by private agencies compared to DSS/FIA. From FYs 87/88 to 91/92, DSS/FIA and private agencies' placements increased 82% and 89%, respectively, while the population grew by 144%. After FY 91/92, DSS/FIA's placements decline and subsequently increase only slightly, while the population increased 64%. By comparison, private agencies increased placements by 98% from FY 91/92 to 96/97, despite declines two years during that period. Private agency placements actually increased at a higher rate than the population was increasing.

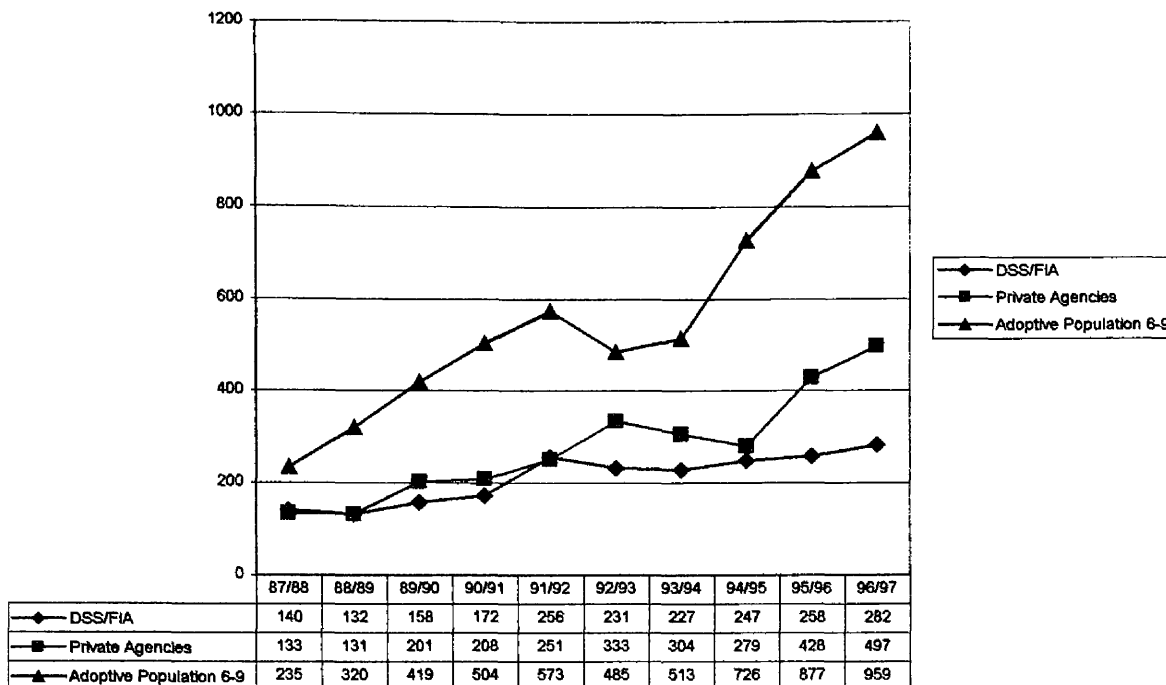


Figure 5. Adoptive population vs. adoption placements age 6-9

Source: Michigan Family Independence Agency

Age 10-12. The population in the 10-12 age group, shown in Figure 6, increased 96% from FY 87/88 to 91/92, and 13% from FY 91/92 to 96/97. The relative percentage of placements follows those of the younger age groups, although the shift occurs two year earlier. DSS/FIA averaged 47% of placements from FYs 87/88 through 92/93, but dropped to 38% for the years 93/94 to 96/97. Private agencies averaged 53% in FYs 87/88 through 92/93, but increased to 62% for the years 93/94 through 96/97.

The increase in placement numbers in this age category illustrates further gains by private agencies. From FYs 87/88 through 91/92, placements increased 64% and 105% by DSS/FIA and private agencies, respectively.

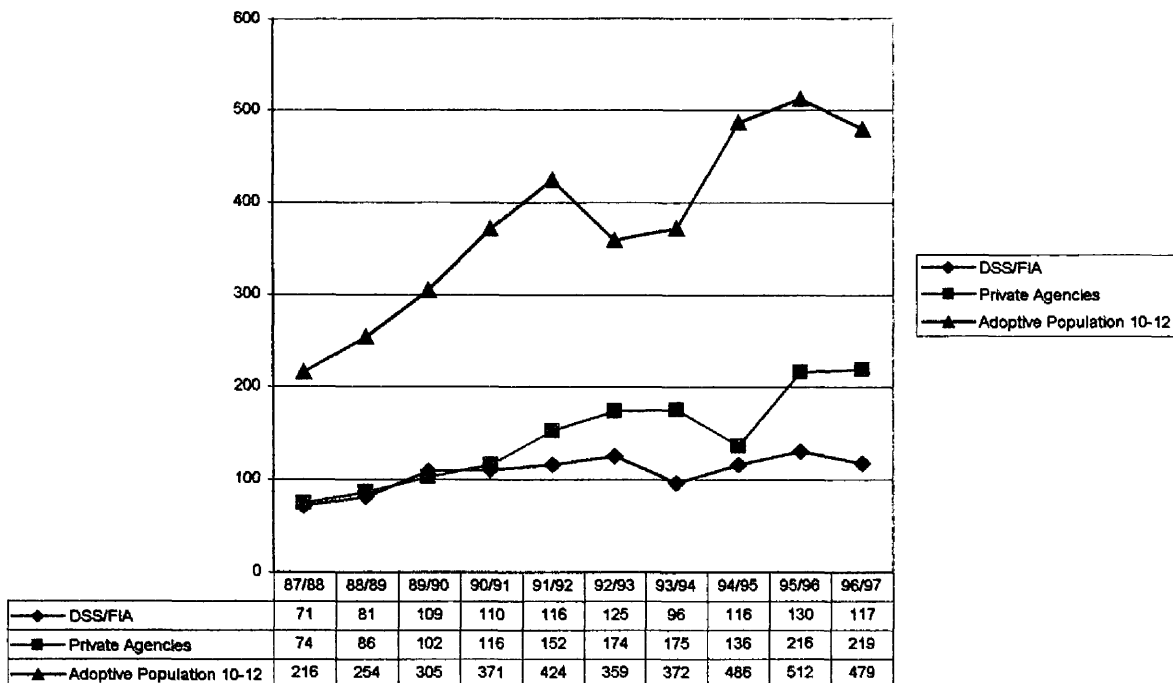


Figure 6. Adoptive population vs. adoption placements age 10-12

Source: Michigan Family Independence Agency

However, after FY91/92, the number of placements by DSS/FIA remained fairly flat. Placements by private agencies, however, increased by 44% through FY 96/97.

Age 13-18. The population in the 13-18 age group, shown in Figure 7, increased the least: 59% from FY 87/88 to 91/92, and 14% from FY 91/92 to 96/97. The relative placement percentages between DSS/FIA and private agencies have been more variable in this age group, with a significant increase in the percentage of placements by private agencies from 41% in 87/88 to 64% in 92/93, but with a leveling of the percentages since then to an almost equal amount by DSS/FIA and private agencies in 96/97.

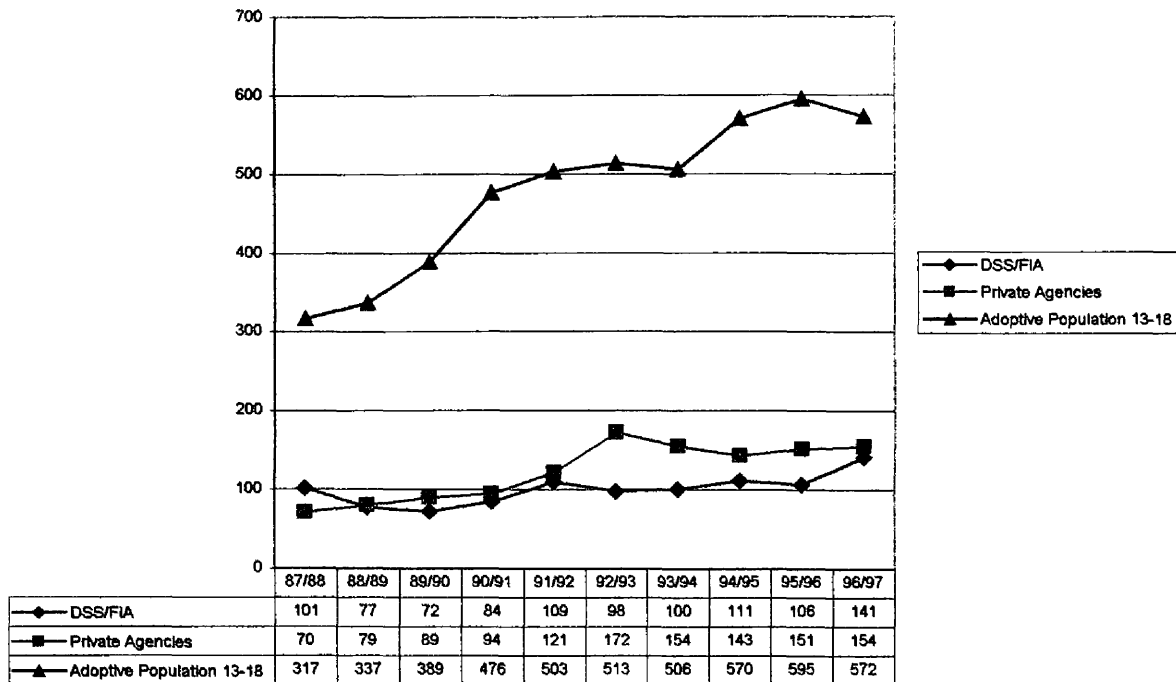


Figure 7. Adoptive population vs. adoption placements 13-18

Source: Michigan Family Independence Agency

Adoptions by Race

The racial composition of Michigan's adoptive population in 1988 was nearly equally black and white, with a small percentage of "other" racial groups. That began to change in 1991. Since then, there has been a steady increase in the numbers of black children who are adoptable, so that by 1996 there were twice as many black children making up the adoptive population as white children, as shown below in Figure 8.

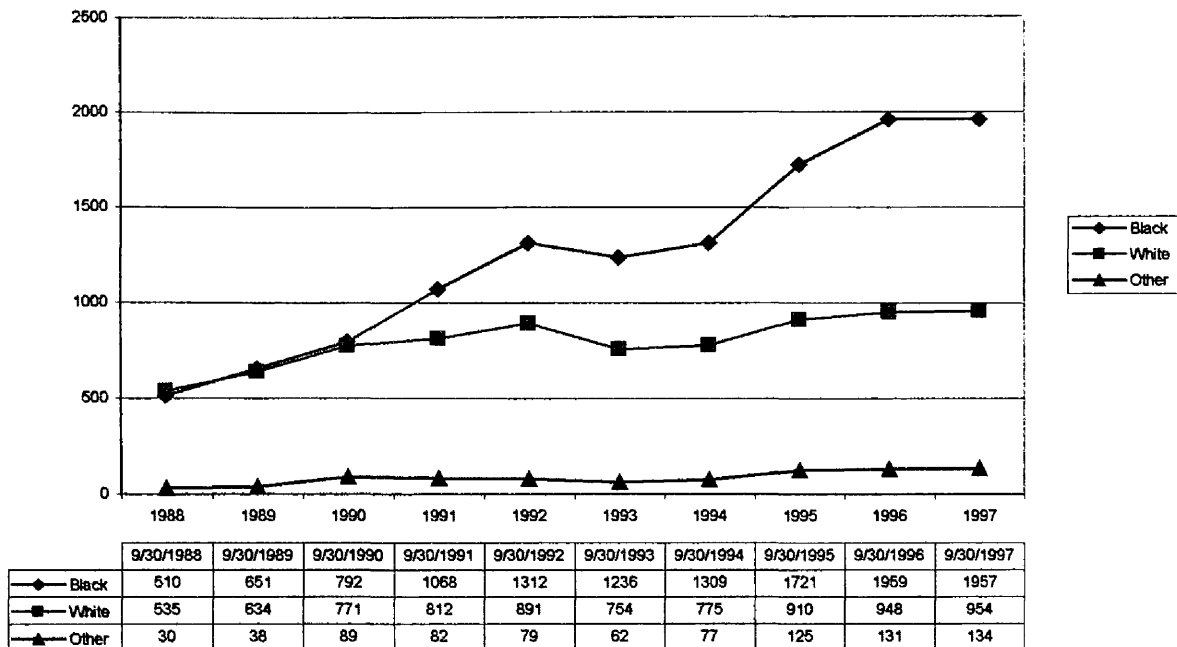


Figure 8. Adoptive population by race.

Source: Michigan Family Independence Agency

The black adoptive population increased over 157% from FY 87/88 to 91/92. During this period, as shown in Figure 9, the number of placements by DSS/FIA doubled, while the number of placements by private agencies increased by the same percentage as the population increase, 157%. This population leveled off from FYs 91/92 to 93/94, and placements by both DSS/FIA and private agencies remained level as well.

However, from FY 93/94 to FY 96/97, the black adoptive population showed another dramatic increase of nearly 50% in four years. During this period, the rate of increase in adoption placements showed a drop-off in the numbers of

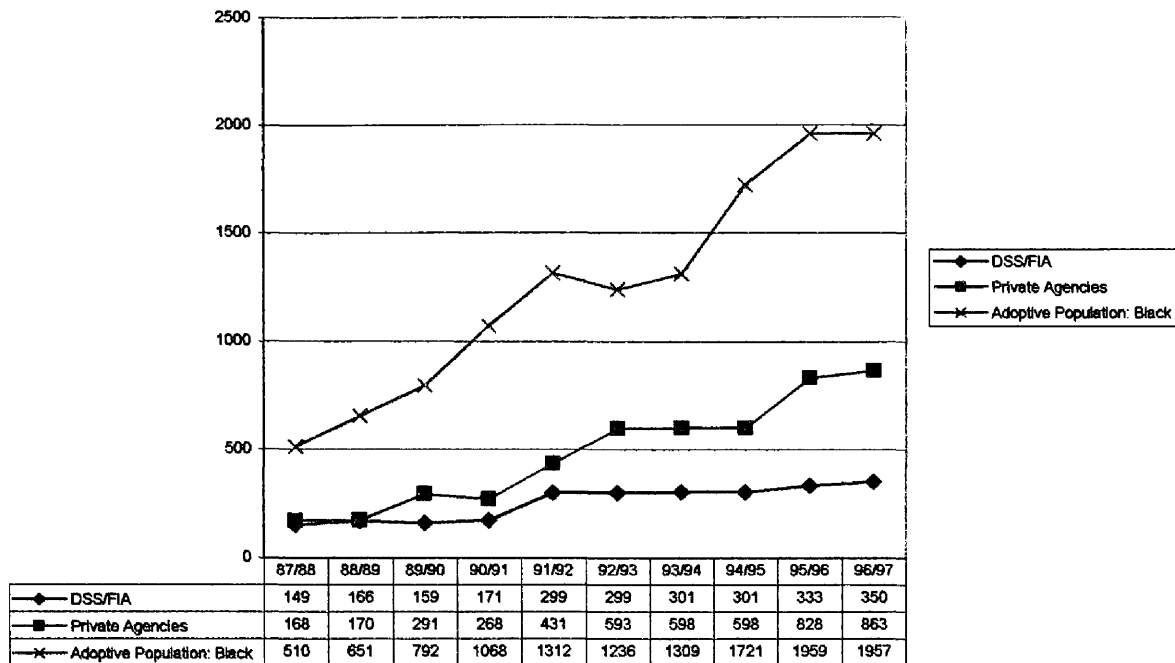


Figure 9. Black adoption placements vs. black adoptive population.

Source: Michigan Family Independence Agency

placements by DSS/FIA relative to both the adoptive population and to placements by private agencies. The rate of increase in placements by DSS/FIA was only 16% overall for the period FY 93/94 to 96/97, and represented only 29% of total placements. During the same period, placements by private agencies increased 44%, nearly the same as the population increase, and by FY 96/97 private agency placements accounted for 71% of all black placements.

The white adoptive population grew at less than half the rate of the black adoptive population from FYs 87/88 to 91/92, increasing by 67% during the period. The increase from FY 91/92 to 96/97 was only 7%. The relative placements by DSS/FIA and private agencies for the entire ten-year period have

not changed much, however. As illustrated in Figure 10, DSS/FIA has fairly consistently placed more white children than private agencies, although the difference in the percentages has not varied appreciably during the period.

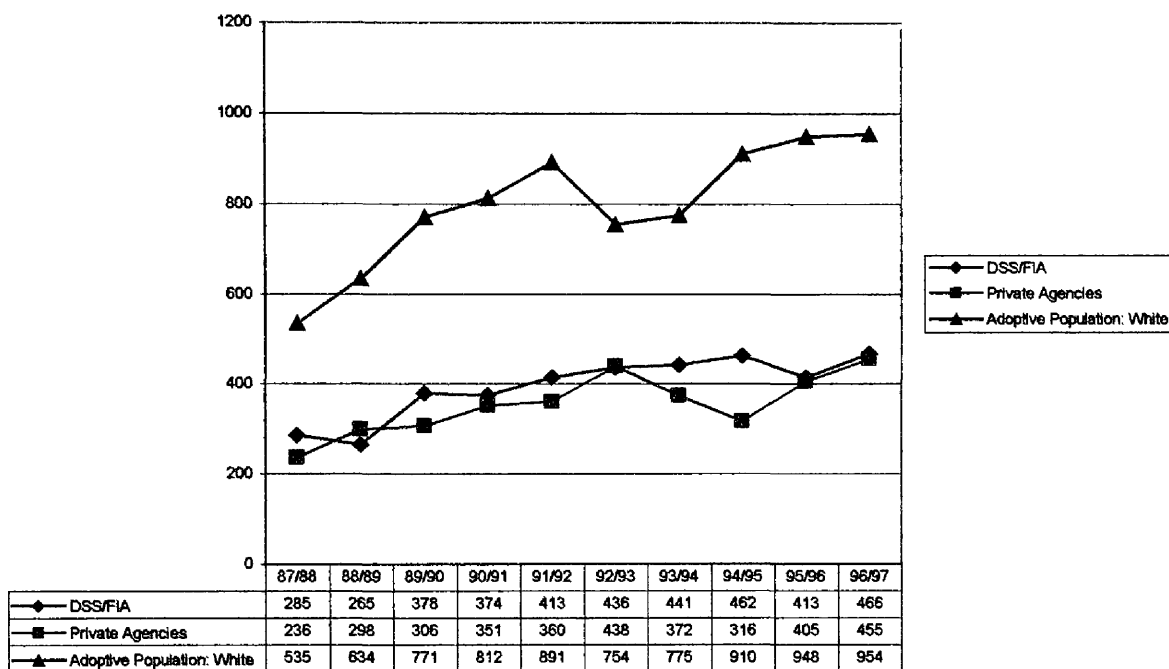


Figure 10. White adoption placements vs. white adoptive population
Source: Michigan Family Independence Agency

The Role of Adoptive Parents

Any improvements in placing children for adoption might be expected to be reflected in a broadening of the types of people who are recruited to parent these children. The literature showed that caseworkers have historically been reluctant to recommend adoption for a child until the “right” home could be found, and that the “right” home was usually that of a two-parent family. Additionally, many

caseworkers believed that allowing foster parents to adopt compromised their ability to perform a fair assessment of whether or not a child could be reunited with his or her birth family.

Among Michigan agencies, there has been a trend toward more adoptions by single persons. (See Figures 11 & 12.)

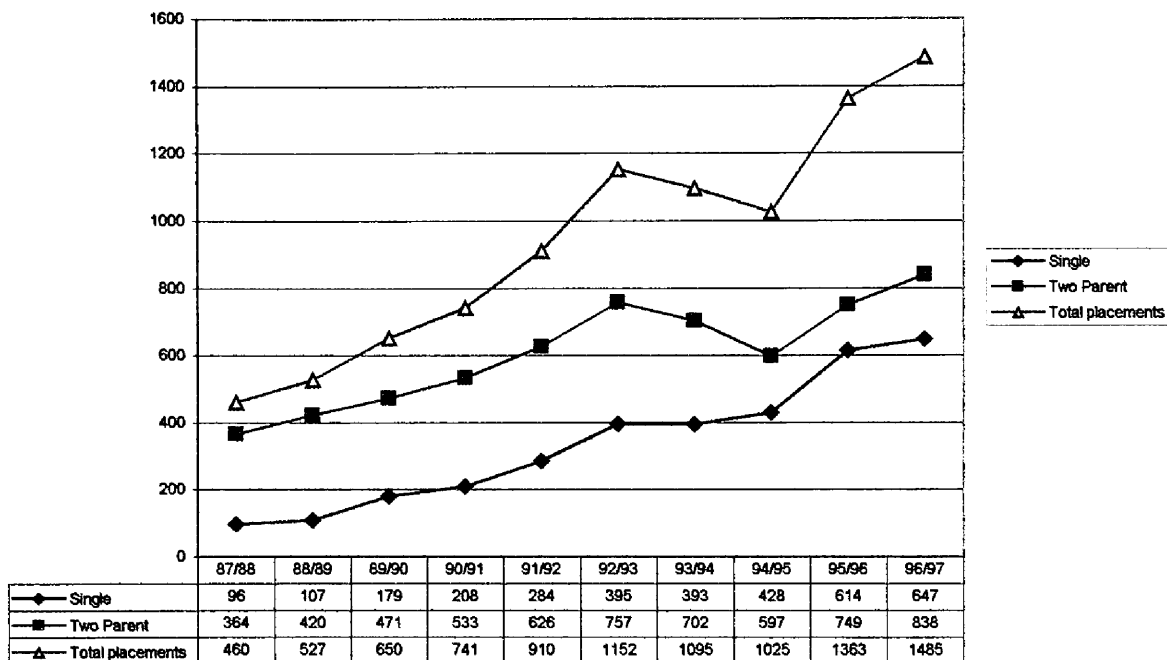


Figure 11. Single vs. two-parent placements – private agencies

Source: Michigan Family Independence Agency

In FY 87/88, private agencies and DSS/FIA had similar percentages of adoptions by single parents: 21% and 20%, respectively. Both increased their relative percentages through the year of the payment change, each placing 31% with single parents in FY 91/92. Through FY 96/97, the percentage of placements with single parents had increased more for private agencies: 44% versus 35%

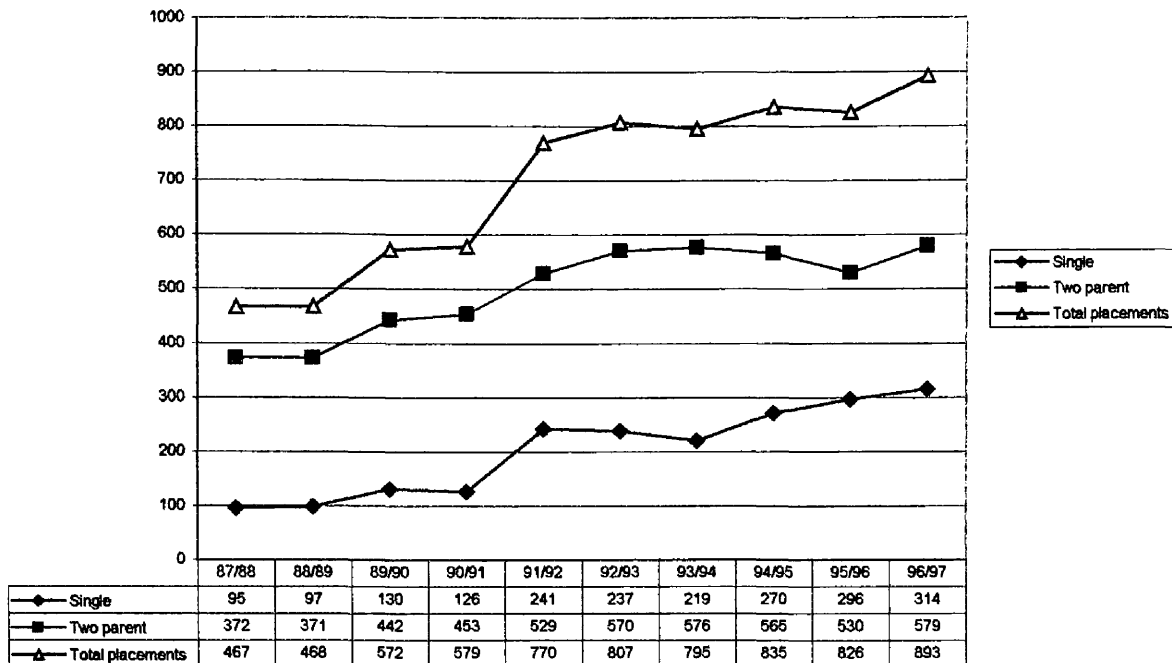


Figure 12. Single vs. two-parent placements – DSS/FIA

Source: Michigan Family Independence Agency

for DSS/FIA. This could be interpreted as an increased willingness to place children with single parents in order to ensure faster placement and, subsequently, a higher payment.

Studies of single adoptive parents have shown positive outcomes. Barth and Barry's study found that single parents are more apt to adopt older and more difficult children, but with no more disruptions than two-parent families (1992, p. 380-381). Hochman (quoted in Kleiman 1997, p. 345-346) studied the educational and social development of children adopted by single parents compared to couples, and concluded that there was "comparably favorable adjustment and performance." Another study by Pecora et al. found the following attributes applied to single-parents applying for adoption: "high levels of

emotional maturity, tolerance of frustration, and independence”, as well as having supportive networks of relatives (1992, p. 380).

The rate of adoptive placements with foster parents has been more varied between DSS/FIA and the private agencies (Figures 13a & 13b). The percentage of placements with foster parents by DSS/FIA has ranged between 50% and 63% throughout the years 87/88 to 96/97. During the same period, with the exception of one year, DSS/FIA placed less than 15% of its adopted children with people who were neither a foster parent nor a relative. The remaining placements were with relatives.

By comparison, in FY 87/88 private agencies were placing only 38% of their children with foster parents, and 58% with people who were neither foster parents nor relatives. The situation changed beginning in FY 88/89 when the relative percentage of foster parent adoptions ranged between 41% and 44% through the year of payment change, FY 91/92. From FY 92/93, the percentage of foster parent placements increased from 48% to 53% in FY 96/97. The percentage of adoptive parents who were neither relatives nor foster parents has continued to decline from 40% in FY 91/92 to only 24% in FY 96/97. This appears to indicate a trend away from recruiting “strangers”, which is undoubtedly more time consuming than consideration of foster parents or relatives, who are already in the child’s life and for whom an adoptive placement can be completed more quickly.

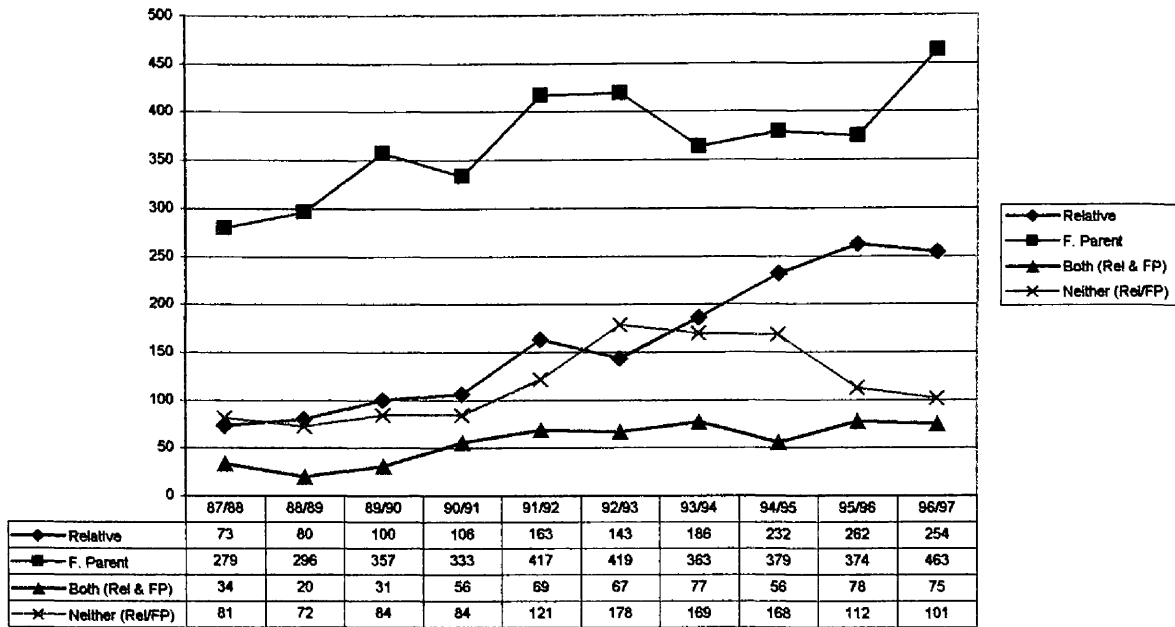


Figure 13a. Type of adoptive parents: DSS/FIA.

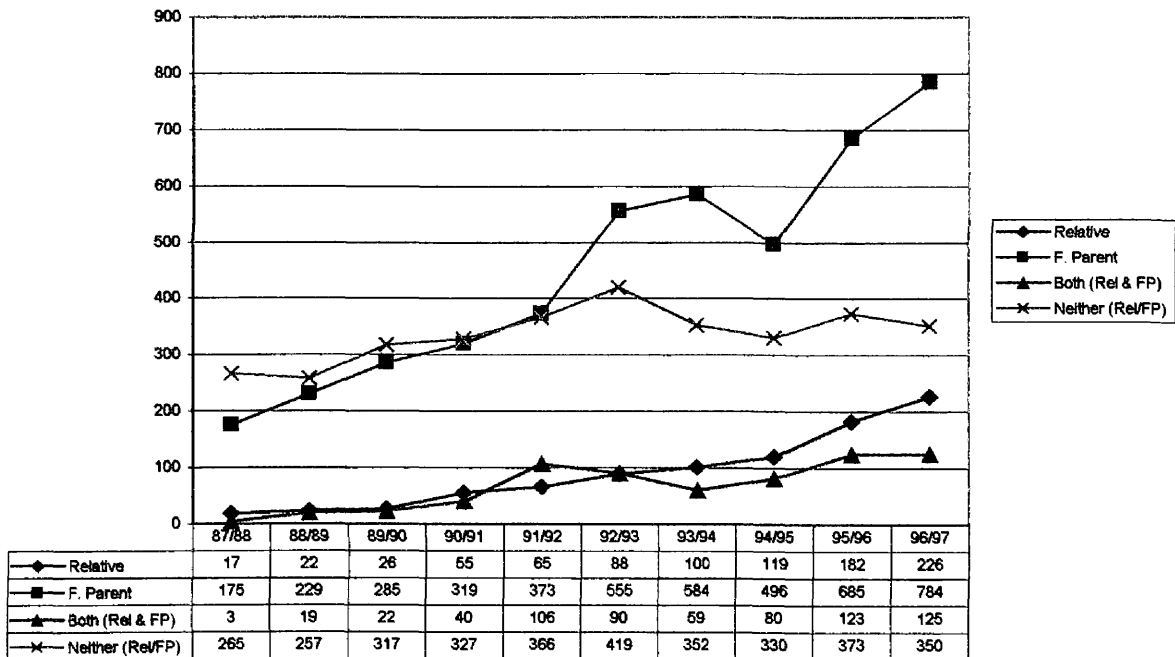


Figure 13b. Type of adoptive parents: private agencies.

Source: Michigan Family Independence Agency

One objection to adoptions by foster parents has already been noted: the fear of a conflict of interest between trying to reunify a child with his or her birth parents and the desires of foster parents who ultimately want to adopt. Other objections have been noted as well: they may not be as carefully screened as adoptive parents, are potentially less committed, and may no longer be willing to be foster parents once they have adopted. Despite these qualms, Pecora et al. finds that foster parent adoptions are becoming more accepted, especially for older children for whom an existing bond is more critical, and that such adoptions compare favorably with so-called "conventional" placements (1992, p. 382). Additionally, according to Lakin and Whitfield, "Foster parent adoptions have been found to be an effective avenue to permanency through adoption, especially for children of color" (1997, p. 119).

The last two groups of researchers have summed up the trends in adoptive parents with similar conclusions:

Agencies are beginning to recognize the potential of unconventional adoptive parents, such as single parents, foster parents, and working-class parents (Pecora et al. 1992, p. 380).

Historically the middle-class, college-educated, two-parent family has been considered the ideal adoptive family. Research has now begun to confirm what practitioners have known for years. Families with modest incomes, lower educational levels, or with only one parent are doing fine as adoptive parents and may be, in fact, the parents of choice in many instances (Lakin & Whitfield 1997, p. 120).

V. SUMMARY AND IMPLICATIONS

Several observations can be made about the adoptive portion of the Michigan child welfare population. The number of children for whom adoption became the goal increased 171% from 1987 to 1997, and represented a steadily increasing proportion of children who were wards of the state, from 65% in 1987 to 77% in 1997. However, the rate of increase in total adoptive placements has not been as rapid, although the number of annual adoptions has increased 143% in ten years. It is not unreasonable to expect that increases in adoptive placements will lag behind increases in the adoptive population.

In order to assess whether changing the payment policy for private agencies made a difference, a comparison of adoption activity between private agencies and DSS/FIA should be made before and after this policy change. Ideally, time series data would be presented using regression analysis, in order to determine if trends noted changed significantly after the policy change when compared to before. However, the number of years' data available is not sufficient for this type of analysis. Therefore, any conclusions drawn from this study should be made with this limitation in mind.

If the policy change, in fact, made a difference, this comparison should be expected to show that the proportion of adoptions by private agencies increased after 1992. Since both DSS/FIA and private agencies work toward placing the same population of children, and since only the private agencies received a change in financial incentives, this provides a look at performance both with and without the policy change.

The following table summarizes changes in the relative percentages of placements at three points in time: FY 87/88; FY 91/92, the year of the payment change; and FY 96/97, 5 fiscal years after the payment change:

	<u>FY 87/88</u>		<u>FY 91/92</u>		<u>FY 96/97</u>	
	<u>DSS/FIA</u>	<u>Private</u>	<u>DSS/FIA</u>	<u>Private</u>	<u>DSS/FIA</u>	<u>Private</u>
% total placements	50%	50%	46%	54%	38%	62%
By age: 0-5	46%	54%	40%	60%	36%	64%
6-9	51%	49%	50%	50%	36%	64%
10-12	49%	51%	43%	57%	35%	65%
13-18	59%	41%	47%	53%	48%	52%
By race: Black	47%	53%	41%	59%	29%	71%
White	55%	45%	53%	47%	50%	50%

The relative percentage of placements was already changing between FY 87/88 and FY 91/92, with a definite trend toward private agencies being responsible for an increasingly large percentage of adoptions. The changes from FY 91/92 to FY 96/97 appear, for the most part, to continue that trend. There are, however, two categories where private agencies made substantial increases in their proportion of placements. In the age categories, private agencies increased their percentage of placements in the 6-9 category from 49% and 50% in FY 87/88 and 91/92, respectively, to 64% in FY 96/97. It is difficult to draw any conclusions from this increase, since it only brings the proportion of adoptions in the 6-9 age category in line with the 0-5 and 10-12 age groups. The 13-18 category showed virtually no change after 1992.

The other category that shows a significant increase by private agencies is black placements. Since studies have shown that black children are much less likely than white children to be adopted, and given the increasing numbers of

black children in the Michigan child welfare system and their progress at being freed for adoption, the ability to place black children in adoptive homes has become increasingly critical. As Figure 9 illustrated, placements by the state's public agency, although they doubled in number in the ten-year period, lagged far behind the numbers of black children available for adoption. The trend for private agencies shows that they have "pulled ahead" significantly in the number of black children placed compared to placements by the state since the 1992 change in payment method, with private agencies accounting for 71% of black placements in 1997 compared to 53% in 1988.

One reason for the increase in black placements by private agencies may be the increase in placements with foster parents. In FY 87/88, adoptive placements with foster parents accounted for 38% of all placements by private agencies, and by FY 91/92 this statistic had increased only slightly to 41% of placements. However, in FY 96/97, these placements had risen to 53%.

At the same time, the numbers of adoptive parents who were neither relatives nor foster parents ("neither") declined steadily among private agency placements. In FY 87/88, the majority of placements (58%) were in the "neither" category, dropping to 46% of placements in FY 91/92, and to only 24% by FY 96/97. This may indicate that private agencies became less willing to spend time recruiting adoptive parents after the amount of payment they were to receive became contingent on spending less time completing an adoptive placement.

There are many reasons why learning how to successfully move children who can never go home from foster care to adoption is so important. One reason is

the sheer size of the child welfare system, and the growing numbers of children who will become eligible for adoption.

Assuming a continuing mandate for permanency for children in foster care, there may well be an increase in the percentage of children in foster care who ultimately will require adoption planning and services – rising from the current estimate of 15% to 20% to what can reasonably be estimated at one-third or more of children in care. Such growth in connection with what is likely to be an increase in the foster care population by as much as 20%, would translate into almost 180,000 children needing adoption planning and services, an astronomical figure given current resources in the child welfare system (Freundlich 1997, p. 42).

Freundlich's predictions are already not far off. As of January 2000, the U.S. Department of Health and Human Services' statistics show 520,000 children in foster care, of which 117,000 (23%) are eligible for adoption (National Adoption Information Clearinghouse).

Foster care is also expensive. Various estimates of cost range from \$10,000 to \$20,000 per child for year, and an annual cost of \$9.1 billion (Kleiman 1997, p. 360). Craig and Herbert (quoted in Cox 1998, p. 17) estimated the annual cost per child, excluding counseling and treatment for birth parents and recruitment costs for foster and adoptive parents, to be \$17,500, a system they say accounts for more spending by Americans than major league baseball. Not all of this money is spent on the children. In fact, according to Gustavsson & Segal, only half of the federal dollars expended for foster care goes toward maintaining the child; the other half covers administrative costs (1994, p. 98).

Recognizing the growing size and cost of child welfare in the United States, President Clinton signed into law the "Adoption and Safe Families Act" (ASFA) in 1997. This law had the dual purpose of strengthening policy issues that had not

been clearly defined by P.L. 96-272, and provided fiscal incentives for adoptions. On the policy side, ASFA now requires state agencies to initiate or assist with court proceedings that will terminate parental rights when children have been in out-of-home care for 15 out of 22 months, or when parents have murdered or seriously injured another child in the family. This provision gives increased legitimacy and structure to efforts to protect children rather than the traditional focus on reuniting families regardless of how long it might take, or how likely the reunification is to succeed. The financial component of ASFA provides new financial incentives to states: a \$4,000 payment for each adoption from foster care over and above the previous year's placements, increasing to \$6,000 if the child has disabilities.

The Department of Health and Human Services has also initiated a study aimed at increasing adoptions, known as "Adoption 2002". This effort identified four obstacles to adoption that it will work to overcome: 1) delays caused by child welfare agency practices; 2) judicial practices; 3) staff beliefs and attitudes, including resistance to placing children across racial or ethnic boundaries, or with "certain family types", and 4) the lack of adoptive families for special needs children. Adoption 2002's goal is to double the number of adoptions from foster care by 2002 in conjunction with the federal financial incentives. The importance of grass-roots efforts to achieving this goal was stated by Avery: "Caseworker and agency dedication to the belief in the adoptability of every child will be central to the success of the 'Adoption 2002' effort" (1999, p. 668).

The other reasons for realizing more success in adoptions have to do with the children themselves. Those children who “age out” of foster care at age 18 do not have the same degree of life success as children who become part of a new family. A study by Westat (quoted in Craig et al.) found that only 20% of children who aged out of foster care became self-sufficient. Barth (1997b) found “evidence that adopted children have higher educational achievements than foster children is indirect but persuasive” (p. 176) and that the “typical adopted child has a B average”, which he credits at least in part to adoptive parents having high educational achievements (p. 177). In addition, a longitudinal study by Simon and Alstein (quoted in Barth 1997b, p. 177) of transracial adoptees found that 82% had graduated from college, were in college, or planned to attend college, while 13% planned to attend some other type of school, a sharp comparison to the 1984 average of only 20% of Americans who had obtained any type of degree after high school (p. 177).

The problem was well summarized in testimony regarding foster care before the Senate Finance Committee in 1997: “Whenever any agency is given a blank check to pursue unclear goals, inefficiencies abound. Until systems are rebuilt around performance and accountability, no progress will be made” (Promotion of Adoption, p. 24). The reason for solving the problem makes financial sense beyond the savings in foster care costs:

As preparation for adulthood becomes more complex and the period of dependency on adults lengthens, the benefits of adoption over temporary foster care and group care arrangements are augmented. A child adopted at the age of eight may depend on assistance with housing and education for twenty years – the comparable foster child has only half that long to benefit from parental support....Although the

total expenditures are only marginally different, the adopted child has a far higher percentage invested in his or her well-being and far less in administrative costs. This familial investment in a child yields a significant return to society as well and deserves promotion. (Barth & Berry 1994, p. 356).

Further research is clearly necessary. The data related to age at placement shows how well Michigan agencies, public and private, have done achieving adoptions among the various age groups. What this data does not show, however, is how long the children within those age groups have waited for their placement. Are the smaller numbers of placements for children over the age of 10 because of their age, or does their age reflect longer stays in foster care? A better understanding of the length of time children in Michigan wait for adoption once they are legally eligible is necessary in order to more completely understand the dynamics of the process.

Perhaps one of the most important studies that could be done is to analyze whether there has been an increase in cross-racial adoptions since 1994, when the Metzenbaum Act was enacted. This analysis should also examine trends in the racial composition of the foster parent population, since increasing numbers of children are being adopted by their foster parents. Given the numbers of black children who are becoming eligible for adoption through the child welfare system, it is important to understand whether the racial barriers that may have prevented them from being adopted in the past are eroding.

Finally, since the ASFA makes funds available to all states based on yearly increases in the numbers of adoptions, an analysis of the numbers of adoptions done in every state since 1997 would provide limited information on a national

basis as to whether this financial incentive was effective. This analysis would face limitations, since the most effective analysis would compare the number of adoptions before and after ASFA was enacted. Since record keeping varies from state to state, this type of analysis might be difficult. However, for those states where reliable data is available, it would be a worthwhile comparison.

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