



# Secretary of State Audit Report

## Department of Human Services: Information Audit of the Adoption Assistance Program

### Summary

#### PURPOSE

The purpose of this audit was to provide information on the Adoption Assistance program, including the trends and reasons for growth in program costs, and possible cost containment measures other states have used. We focused our work on state funded only adoptions and on monthly subsidy payments.

#### RESULTS IN BRIEF

The purpose of adoption assistance is to remove financial barriers and encourage the adoption of children with special needs. The number of children who received monthly adoption assistance payments increased steadily from approximately 4,400 to 8,900 between state fiscal years 1999 and 2005.

Oregon's Adoption Assistance program receives funding from both the state and federal government, with approximately 20 percent of adoptions funded solely by the state. The average monthly payment for state funded adoption assistance was \$444.

The department's negotiation process for both federal and state funded adoption assistance focuses on the needs of the child and the ability of the family to incorporate the child into their lifestyle. The adoption assistance subsidy rate is negotiated only when adoptive parents request a higher than standard rate.

In an attempt to contain the cost of the Adoption Assistance program, the department has implemented some cost containment measures, and has considered others.

To obtain information about cost containment measures used by other states, we conducted a survey and reviewed other related information. We later followed up with states and found that most did not realize significant cost savings or slow the rate of growth as a result of the measures implemented.

Only three of the states reported effective cost containment methods, and two of those methods have been implemented or attempted in Oregon.

A third method, to limit monthly subsidy payments for young children without diagnosed special needs, could potentially provide an additional cost containment measure for Oregon.

#### OTHER MATTERS

While reviewing state funded adoptions finalized between July 1, 2003 and June 30, 2005 we found that 31 children were incorrectly coded in the department's payment system. This resulted in incorrect billings of the federal government for monthly subsidy payments. We also found that the department does not conduct required annual reviews of adoptive families to re-determine eligibility for adoption assistance payments.

#### RECOMMENDATIONS

**We recommend** the Department of Human Services do the following:

- Consider implementing a policy to limit adoption assistance subsidy payments for young children when there is no documented medical, physical, mental, emotional condition or other clinically diagnosed disability.
- Develop and implement procedures requiring reviews of information entered into the payment system.
- Review all finalized adoptions that resulted in subsidy payments to determine the extent of coding errors and make appropriate corrections.
- Reinstate an annual review of adoptive families for payment eligibility or work to remove this requirement from the Oregon Revised Statutes and the Oregon Administrative Rules.

#### AGENCY'S RESPONSE

The Department of Human Services agrees with the recommendations. The department's response to each recommendation can be found within the body of the report.

## Background

### Adoption Assistance Is Part of Larger Adoptions Program

The Adoptions program, administered by the Department of Human Services (department), provides services to help achieve permanent family placements for children who cannot safely return home. Services include contracted permanent placement planning evaluations, legal assistance consultations, termination of parental rights litigation, open adoption mediation services, oversight of adoption home selection, documentation for adoption finalization, and post-adoption support services, including adoption assistance.

The total Legislatively Adopted budget for the Adoptions program in 2005-2007 was approximately \$109 million, including approximately \$53 million from general funds, \$1 million in other funds and \$55 million in federal funds.

### Adoption Assistance Was Designed to Encourage Adoptions

The Adoption Assistance and Child Welfare Act of 1980, was enacted to remove the disincentives to adoption by providing parents with the financial assistance to adopt children with special needs. According to the department, the financial assistance has become increasingly important as relatives and foster parents often have modest incomes and otherwise would be unable to adopt.

Adoption assistance can be in the form of monthly payments and/or medical coverage, non-recurring payments for adoption costs, or special one-time payments for unanticipated short-term costs. Adoptive parents can also sign an agreement stating that there is no current need for assistance and that

the parents may renegotiate for benefits at a later date.

### Adoption Assistance Eligibility Is Based on Child's Needs

Eligibility for adoption assistance is based on the needs of the child. The income or other circumstances of the adoptive family are not a factor in determining eligibility.

In order to be eligible for adoption assistance, the special needs status of the child must be established. Each state defines criteria for special needs within broad federal guidelines. These guidelines state that the child cannot or should not be returned to the home, reasonable efforts have been made to place the child for adoption without assistance, and the child has at least one of the following factors or conditions which make adoptive placement difficult to achieve:

- Eight years of age or older.
- Member of a racial, cultural or ethnic minority.
- Member of a sibling group.
- Documented medical, physical, mental, emotional condition or other clinically diagnosed disability.
- Documented history of abuse, neglect or other predisposing factors that place the child at risk for future problems and need for treatment.

Once a child's eligibility for adoption assistance is established, the adoptive parents may receive adoption assistance until the child reaches the age of 18, the state determines the parent is no longer legally responsible for the child's support, or the child is no longer receiving support from the adoptive parents.

### Federal Funding Is Provided By Title IV-E Program

Oregon's Adoption Assistance program receives funding from both the state and federal government. The Title IV-E program provides approximately 60 percent federal funds. According to the department, federal funds paid for approximately 80 percent of adopted children whose parents receive assistance.

At the start of the adoption process, branch eligibility specialists determine whether a child meets specific federal eligibility guidelines for Title IV-E program funding. To do so, they look at information related to the child's birth family and related legal actions. In order to be eligible for federal funds, children must have been removed from families that would have met income criteria for the Aid for Families with Dependent Children (AFDC) program, and have special needs that would preclude their adoption without assistance.

Once a child is found eligible for federal funding, the state can receive federal funds for payments to the adoptive parents. Payments can take the form of either one-time or ongoing adoption assistance. Monthly payments, up to the amount of the maintenance payment the child would have received in foster care, are eligible for federal funds. Higher monthly subsidies can be paid using state and/or county funding.

### Information Regarding State Funded Adoptions

Children who meet special needs criteria, but are determined to be ineligible for federal funding, are eligible for state funded adoption assistance. According to the department, approximately 20 percent of adopted children for whom adoption assistance is paid, is funded solely by the state.

We reviewed fully state funded adoptions finalized between July 1, 2003 and June 30, 2005 to compile general information about adoptions and adoptive families. We found there were 502 children adopted by 376 families, with 26 percent of families adopting more than one child during the two year period. Some families adopted more than two children. For example, one grandmother adopted her four sibling grandchildren, each with special needs. Of the 502 state funded children, 178 (36 percent) were adopted by non-relative foster care parents, 167 (33 percent) were adopted by relatives or relative foster parents, and 157 (31 percent) were adopted by non-relatives who were not also foster care parents.

We also reviewed wage income reported to the Oregon Department of Employment (OED) for 2003 and 2004, and found the average annual income for families that adopted state funded children during the period of our review was approximately \$48,000.<sup>1</sup> The table below shows the distribution of annual income.

**Reported Annual Wage Income for Families that Adopted  
Between July 1, 2003 and June 30, 2005**

Annual Wage Income Level	Percentage of Adoptive Families
Less than \$20,000	17%
\$20,000 through \$39,999	31%
\$40,000 through \$80,000	38%
Over \$80,000	14%

<sup>1</sup> Average annual income excludes families without wages reported to OED, such as families that lived outside of Oregon or families receiving Social Security or foster care payments.

## Audit Results

### Program Budget and Adoptions Have Increased

The Adoptions program budget increased by approximately \$20.4 million (23 percent) between the 2003-05 and 2005-07 budgets. The increase in program costs can be attributed to several factors including state and federal government emphasis on placing children in permanent living arrangements and an increase in the number of monthly subsidy payments.

The increase in monthly subsidy payments primarily resulted from the rise in adoptions. Further, according to department officials, younger children are coming into the system and the incidents and severity of special needs have increased due to prenatal drug exposure and other factors. With monthly subsidies usually paid for children until they reach age 18, the increase in children coming into the program at a younger age and with more severe needs drives up cost.

The graph on page 4 shows the steady increase in finalized adoptions between state fiscal years 1995 and 2005, with a spike in 2001 and 2002.<sup>2</sup>

### Monthly Subsidies to Adoptive Families Are Biggest Cost Driver

According to the department, monthly subsidies paid to adoptive families are a factor in Oregon's high adoption rates, but are also the primary cost driver for the increase in adoption assistance. Total monthly subsidy payments have increased steadily from approximately \$18 million for state fiscal year 1999 to approximately \$44 million for state fiscal year 2005.

The total number of children with monthly subsidies paid on their behalf increased steadily from approximately 4,400 in fiscal year 1999 to approximately 8,900 in fiscal year 2005.

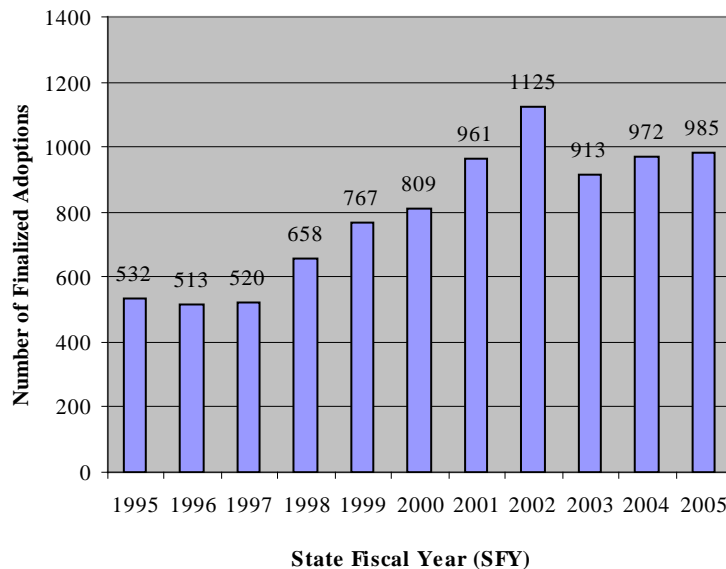
Federal and state laws require that negotiation between the adoptive family and the department be used to establish monthly subsidy rates. Rates are based on the current functioning needs of the child and cannot exceed what the child would require if placed in family foster care.

Standard foster care rates, which are based on the child's age, serve as a baseline for monthly subsidy amounts. As with foster care, when a child's needs exceed the standard foster care rate, special rates and personal care payments are paid to the adoptive family. Additionally, subsidy rates may be adjusted at any time to reflect the child's current needs and family circumstances.

When we reviewed state funded only adoptions finalized between July 1, 2003 and June 30, 2005 we

<sup>2</sup> The spike in 2001 and 2002 was due to Federal Adoptions and Safe Families Act deadlines to place a backlog of children who had been in foster care with adoptive families.

**Adoptions Finalized Between  
July 1, 1994 and June 30, 2005**



found that there were monthly subsidy payments made for 487 of the 502 (97 percent). We also found that the average monthly payment for the 487 children was \$444. Standard foster care payments at that time ranged between \$387 and \$485 per month, depending on the child's age.

Oregon's average subsidy payment is lower than most states. According to a 2001 study conducted by the U.S. Department of Health and Human Services, 32 of the 47 states included in the study paid higher median adoption assistance subsidies than Oregon.

### **Subsidy Negotiations Are Impacted By Federal Laws**

Federal and state laws require consideration of adopting parent circumstances and child needs when negotiating an adoption assistance agreement. Federal law, which applies only to federally funded adoption assistance, states that "consideration of the circumstances" pertains to a family's capacity to incorporate the child into their household in relation to their lifestyle, standard of living and future plans, as well as their overall capacity to meet the

immediate and future needs of the child.

Oregon law does not address the issue of incorporating the child into the household in relation to the family lifestyle, standard of living and future plans. In practice, however, the department follows the federal law by incorporating this philosophy into the training manual department staff uses to negotiate monthly subsidy rates.

While federal and state laws require monthly subsidy rate negotiation, federal law prohibits the use of a means test when selecting an adoptive family or negotiating the payment amount for federally funded adoption assistance. Means testing refers to using a family's income to determine subsidy eligibility and payment rate.

State law does not prohibit use of a means test for determining eligibility and payment rate when families apply for adoption assistance that is solely state funded. However, the department does not conduct means testing on any families applying for adoption assistance. Department officials expressed concern that doing so would place children eligible only

for state funded assistance at a disadvantage because potential adoptive parents may have more of a financial incentive to adopt children eligible for federally funded assistance. Further, the department's legal council told us the state would most likely be sued if it conducted means testing on parents wanting to adopt children with state funded only assistance.

As a result, the department's negotiation process for both federal and state funded adoption assistance focuses on the child's needs and the family's ability to incorporate the child into their lifestyle, but it excludes means testing. Thus, families are not required to submit documentation of income or other available resources included in applications for adoption assistance.

### **Requests for Higher Subsidies Are Negotiated**

In practice, the department only uses negotiation when adoptive parents request a higher than standard adoption assistance rate. Documentation supporting the need for a higher rate must accompany any request. In order to expedite adoption assistance processing, the department implemented a "fast track" process that does not require negotiation when adoptive parents request the standard foster care rate.

Oregon law also allows adoptive parents to renegotiate monthly subsidies at any time, based on the child's current needs, the services required and cost to meet those needs, the family's ability to pay for services, and community resources available.

### **On Average, Adoption Assistance Subsidies Are Lower Than Foster Care Payments**

In our review of solely state funded adoption assistance we found that subsidy payments were on the average \$124 less than foster care maintenance payments. Of the



502 children adopted between July 1, 2003 and June 20, 2005 whose assistance was solely state funded, 384 received foster care maintenance payments immediately prior to being adopted.<sup>3</sup>

For this group, the average adoption assistance subsidy payment was \$458, while the average foster care maintenance payment was \$582.<sup>4</sup> Also, according to department officials, administrative costs for maintaining a child in foster care are significantly higher than the costs associated with adoption assistance.

### **Adoption Assistance Cost Containment Measures Implemented or Considered in Oregon**

In an attempt to contain Adoption Assistance program costs, the department implemented the following cost containment measures:

- Reduced non-recurring payments for adoption expenses in January 2006 from \$2,000 to \$1,500.
- Reduced all monthly subsidies by 7.5 percent in February 2002. However, in November 2002 the original rates were restored after a federal class action lawsuit was filed.

The department also considered other cost containment measures in order to address the growing Adoption Assistance program budget.

According to department officials, the department considered redefining special needs in order to reduce the number of children who qualify for adoption assistance. However, officials were concerned that while this measure could

reduce adoption assistance costs, it could also shift costs back to the Foster Care program, since children no longer eligible for assistance may not be adopted soon or at all.

A second cost containment method the department considered was delaying the start of subsidy payments from the time adoption proceedings begin to the adoption finalization date. According to department officials, this would slow the growth of the Adoption Assistance program budget, but would also shift costs back to the Foster Care program.

Another cost containment method the department considered was creating a bifurcated system of eligibility: one set of criteria for Title IV-E eligible children and another, more restrictive set for children whose adoption assistance is funded solely by the state. According to department officials, the drawback to this alternative is that some otherwise qualified adoptive families may decide they are unable to adopt because the child may be ineligible for adoption assistance.

### **Most Cost Containment Measures Tried By Other States Were Ineffective**

Rising Adoption Assistance program costs have affected states across the country. We surveyed other states to obtain information about cost containment measures they implemented or considered. We also reviewed information from other sources such as state agency websites and literature from child advocacy groups.

Cost containment methods other states implemented or considered include: negotiated adoption assistance payments, subsidy rate reductions, adoption assistance deferral until needs are diagnosed, removal of clothing allowance, and use of means testing when determining eligibility or negotiating monthly subsidy amounts for state funded only assistance.

We later followed up with states that had reported specific cost containment measures and found that most did not realize significant cost savings or slow the rate of growth as a result of the measures implemented. Attachment 1, located on page 9 of this report, details the specific information provided by Adoptions program managers from other states.

In addition, two of the states we followed up with reported that their cost containment measures were actually a disincentive to adoption placement. Officials in Oklahoma told us that adoption assistance rates were reduced in 2003 and that the reduction was a significant disincentive for adoptions. Massachusetts increased its use of deferred adoption assistance payments, and as a result, saw a slight shift from adoptions to its' Guardianship program.<sup>5</sup>

Means testing also did not prove to be an effective cost containment method for most states. We identified six states that have attempted to conduct means testing for state funded adoption assistance. Three of the six states discontinued using a means test, and one of the three was sued after it proposed such a test. In fact, in 2006, a Missouri court found that a proposed means test provision discriminated against children whose subsidies were solely state funded. As a result, the state never conducted means testing.

In contrast, Louisiana does use means testing to determine a family's qualification for state funded adoption assistance. However, Louisiana also provides special services subsidies to families exceeding the income limit in order to cover ongoing treatment for pre-existing conditions and one-time adoption finalization expenses. The Adoptions program director told us that means testing saves the Adoptions program about

<sup>3</sup> Many of the children did not qualify for foster care maintenance payments while cared for by relatives.

<sup>4</sup> The last full foster care maintenance payment and first full adoption assistance payment were used in the calculation.

<sup>5</sup> In the Guardianship program, a daily cash subsidy equal to the state's foster care rate is paid to guardians.

10 percent, but he is uncertain if a total cost savings occurs since some children could remain in more expensive foster care longer.

The state of Ohio has also used a means test for several years for children whose adoption assistance is solely state funded. However, the state reported minimal cost savings because most children are eligible for federally funded adoption assistance. A Maryland official told us that in the rare cases when a child is not eligible for federal funds, Maryland can do a means test; however, means testing is rarely done.

### **Cost Containment Measures Reported as Effective by Other States**

Three of the other states we followed up with reported effective cost containment methods, two of which Oregon has implemented or attempted.

In Texas, adoption assistance payments have stabilized as a result of negotiating individual adoption assistance subsidies. The Adoptions program manager also noted that adoption rates have not decreased as a result of subsidy negotiations. Negotiation is already used in Oregon for monthly subsidy requests that exceed the basic foster care rate.

Adoptions program officials in Maine told us they have seen an increase in the number of finalized adoptions despite an across the board foster care and adoption assistance rate reduction in 2003. Maine has also eliminated its adoption assistance clothing allowance and has begun to encourage more families to defer adoption assistance. As previously stated, Oregon's attempt at an across the board rate reduction resulted in the filing of a federal class action lawsuit.

In 2003, Alaska began limiting adoption assistance subsidies to children under the age of three when there are no diagnosed

special needs. According to the Adoptions program manager, adoption assistance costs appear to have stabilized as a result of the limitation, and they have not shifted to other programs. Additionally, the rate of finalized adoptions has remained constant. In Oregon, when a family requests the basic subsidy rate or less, it is automatically awarded.

**We recommend** the department consider implementing a policy to limit adoption assistance subsidies for young children when there is no documented medical, physical, mental, emotional condition or other clinically diagnosed disability.

#### **Agency's Response:**

*The department agrees with this recommendation. The department concurs that requiring the additional criteria to have a documented diagnosis of a medical, physical, mental, emotional condition to limit adoption assistance subsidy payments for young children may serve as an effective cost containment measure.*

*The implementation of this practice requires a modification to the department's policies and the Oregon Administrative Rules (OAR).*

*Anticipated Completion Date: We anticipate modification of the OAR and DHS policy will be completed by September 1, 2007.*

### **Other Matters**

#### **Federal Funding Eligibility Status Was Incorrectly Coded in Payment System**

While reviewing state funded adoptions finalized between July 1, 2003 and June 30, 2005 we found that 31 children were incorrectly coded in the department's payment system. The payment system is used to direct program expenditures to the appropriate funding source for payment. Twenty-four children were incorrectly coded as eligible

for federal funding and seven others were incorrectly coded as not eligible for federal funding.

The potential over-billing of the federal government is approximately \$6,200 per month for the 24 children we identified. The potential under-billing of the federal government is approximately \$3,000 per month for the remaining seven children.

During our discussion with department officials, they acknowledged the need for procedures requiring review of eligibility coding into the payment system.

Another team from the Oregon Audits Division further reviewed the potential over-billings when it conducted the 2006 statewide single audit. This team confirmed the incorrect coding and found that the federal government was over-billed \$212,692.<sup>6</sup>

**We recommend** the department develop and implement procedures requiring reviews of information entered into the department's payment system.

#### **Agency's Response:**

*The department agrees with this recommendation. It should be noted that the system of record for both payment and Title IV-E eligibility is child welfare's Integrated Information System (IIS). Based on the audit's preliminary findings, in January 2006 the department initiated an independent, visual comparison of eligibility forms submitted by the field and the information regarding IV-E eligibility entered in IIS. This comparison is completed by child welfare central office staff within the first 30 days of an Adoption Assistance case being opened.*

*While this manual procedure has been sufficient, the child welfare Research Unit and Office of Information Services are currently*

<sup>6</sup> See OAD Management Letter No. 100-2007-02-01, dated February 20, 2007.

*working to develop an exception report to better assist in identifying incorrect coding and making the necessary corrections.*

*It should be noted that the development of the department's Statewide Automated Child Welfare Information System (SACWIS) is also underway. The automated report mentioned above is to be used until SACWIS is completed and fully implemented. SACWIS is expected to be in operation in 2009.*

*Anticipated Completion Date: The prototype for the exception report will be completed by May 31, 2007, and a stored procedure for monthly use will be in place by July 1, 2007.*

**We also recommend** the department review all finalized adoptions that resulted in subsidy payments to determine the extent of coding errors and make appropriate corrections.

#### **Agency's Response:**

*The department agrees with this recommendation. As recommended in this report, the department will reinstate annual reviews of adoptive family cases. Concurrent with this annual review, the eligibility coding of each of the Adoption Assistance cases currently qualified to receive adoption subsidy payments will be reviewed. It will take approximately one year to establish and complete this process.*

*Anticipated Completion Date: Completion of the annual review process will be August 31, 2008.*

### **Department Does Not Conduct Annual Reviews**

We found the department does not conduct annual reviews of adoptive families to re-determine eligibility for adoption assistance payments as required by state laws and rules.<sup>7</sup>

According to department officials, annual reviews were discontinued because they were an administrative burden and more likely resulted in requests for additional benefits. Currently, the department relies on adoptive parents to notify them of changes in needs or circumstances.

**We recommend** the department either reinstate an annual review of adoptive families for payment eligibility or work to remove this requirement to do so from the Oregon Revised Statutes and Oregon Administrative Rules.

#### **Agency's Response:**

*The department agrees with this recommendation and will reinstate the annual review of adoptive families. The annual review of each family will occur at the anniversary date of their agreement. The department acknowledges that the current ORS and OAR require modification. The ORS requires a "re-determination" be conducted annually. However, federal guidelines do not mandate a re-determination once eligibility to the program is established. The Department will propose modifying the ORS requirement from "re-determination" to "review" during the 07-09 biennium. The OAR will be revised to ensure alignment with ORS changes.*

*Anticipated Completion Date: Reinstatement of the annual reviews of Adoption Assistance families will be effective August 1, 2007. Proposed statutory changes will be introduced during the 07-09 biennium. Subsequent changes to the OAR and DHS policy will be made accordingly.*

### **Objectives, Scope and Methodology**

The purpose of this audit was to provide information on the Adoption Assistance program, including the trends and reasons for growth in program costs, and possible cost containment measures other states have used. We focused

our work on state funded only adoptions and on monthly subsidy payments.

The scope of our audit included state funded only adoptions finalized between July 1, 2003 and June 30, 2005. We reviewed adoption assistance subsidy payments and foster care maintenance payments made on behalf of children adopted during this time period. We also reviewed a sample of randomly selected adoption case files.

To determine the reliability of adoption placement data from the department's Adoption Recruitment Management System (ARMS), we compared data from ARMS to adoption assistance applications. As a result, we found the ARMS data to be sufficiently reliable for our audit purposes.

For adoption assistance payments we compared a sample of payment data contained in the department's IIS payment system to source documents in the adoption assistance files and to Oregon State Treasury reports of redeemed checks. We found the payment data to be sufficiently reliable for our audit purposes.

For foster care payments, we compared a sample of children's birthdates in the IIS payment system to birthdates in ARMS. We also compared birthdates in ARMS to adoption applications to ensure foster care payments were for the same children included in our population. We also compared a sample of the foster care payments to Oregon State Treasury reports of redeemed checks. We found the birthdate and payment data to be sufficiently reliable.

Lastly, we matched data in ARMS to data in the IIS payment system to identify adoption assistance payments for children eligible for only state funded assistance. We were unable to match all children when we reviewed the supporting documentation for the unmatched

<sup>7</sup> ORS 418.335 and OAR 413-130-0075

children. We found that some children were erroneously entered into one or the other system as eligible or ineligible for federal funds. This additional work resulted in the findings discussed in the "Other Matters" section of this report.

We obtained wage information from the Oregon Employment Department for families with state funded adoptions finalized during our audit period in order to calculate income reported at the time of adoption. We reviewed recent audit work and reports issued by the Oregon Audits Division related to wage data and data controls, and determined the data to be sufficiently reliable for our audit purposes. We also agreed a sample of adoptive parents' Social Security numbers taken from ARMS used to identify wage information, to Social Security numbers given in the Adoption Assistance Family Applications, and determined the data to be sufficiently reliable for our audit purposes.

We reviewed federal regulations, *Oregon Revised Statutes* and Oregon Administrative Rules governing the Adoptions program. We also reviewed audits other states conducted and information from other sources such as state agency websites and literature relating to Adoption programs and adoption assistance.

We interviewed department program officials to gain an understanding of the Adoption Assistance program. We obtained budget documentation and information relating to finalized adoptions.

We surveyed other states regarding their Adoption Assistance programs and cost containment measures they implemented and considered. We later followed up with states that had previously reported specific cost containment measures regarding the effectiveness of those measures.

We conducted our initial fieldwork between July 2005 and December 2006. In February 2007, we followed up with several states previously surveyed. We conducted our work according to generally accepted government auditing standards.



State	Cost Containment Measures Implemented	Still in Place?	Impacts	Additional Comments
Alaska	<ul style="list-style-type: none"> <li>♦ Tightened the criteria for subsidy negotiation with strict adherence to subsidies meeting the child's special needs or family circumstances.</li> <li>♦ Limited subsidies to children under age three when there are no diagnosed special needs. (Implemented 2003).</li> </ul>	Yes	Adoption assistance costs seem to have stabilized with no significant cost increases in the past 4 years.	<ul style="list-style-type: none"> <li>♦ Those who had negotiated adoption assistance payments before the advent of the new criteria were not affected. The adjusted criteria were only applied to new recipients of adoption assistance.</li> <li>♦ The number of children coming into the system has been congruent with the number of children being adopted; the number of children available for adoption has remained constant for the past four years.</li> <li>♦ Costs have not shifted to other programs.</li> </ul>
Arizona	<ul style="list-style-type: none"> <li>♦ To determine subsidy eligibility for non-IV-E children, Arizona conducted means testing from July 1993 until July 1995 using parents' annual income.</li> </ul>	No	None noted.	<ul style="list-style-type: none"> <li>♦ The measure was repealed in July 1995.</li> </ul>
Illinois	<ul style="list-style-type: none"> <li>♦ Illinois utilized a means test for all adoption subsidy recipients until the advent of the federally funded program (Title IV-E).</li> </ul>	No	None noted.	<ul style="list-style-type: none"> <li>♦ Illinois discontinued means testing for all adoptions and revised the system to follow the federal guidelines.</li> </ul>
Kansas	<ul style="list-style-type: none"> <li>♦ Retrained staff and implemented negotiated adoption assistance.</li> </ul>	Yes	None noted.	<ul style="list-style-type: none"> <li>♦ Varying foster care rates made it unreasonable to use foster care as a basis for adoption assistance subsidy rates.</li> </ul>
Louisiana	<ul style="list-style-type: none"> <li>♦ Louisiana conducts means testing to determine family eligibility for state funded (non-Title IV-E) adoption assistance payments.</li> </ul>	Yes	Reduced state funded subsidies by about 10%. However, not certain it saves on overall costs.	<ul style="list-style-type: none"> <li>♦ Eligibility is based upon 115% of Louisiana's median income for a family of four, adjusted for family size. Family size includes all household family members living in the home, including child or children to be adopted.</li> </ul>
Maine	<ul style="list-style-type: none"> <li>♦ Across the board foster care and adoption assistance rate reduction in 2003.</li> <li>♦ Removed clothing allowance for adoption assistance.</li> <li>♦ Utilized "Levels of Care" system then returned to negotiation of 2003 reduced rates.</li> <li>♦ Encouraged deferred adoption assistance.</li> </ul>	Yes Yes No Yes	Noticed an increase in adoptions, however there was also a larger population of eligible children.  None noted.	
Maryland	<ul style="list-style-type: none"> <li>♦ When the child is not eligible for the federally funded program (Title IV-E) the state can conduct a means test.</li> </ul>	Yes	None noted.	<ul style="list-style-type: none"> <li>♦ Means testing is rarely conducted because most children are eligible for the federally funded program (Title IV-E).</li> </ul>

Massachusetts	♦ Increased the use of deferred subsidy payments by a small degree.	Yes	Created a slight shift to state funded Guardianship program.	♦ Guardianship subsidies are equal to the foster care rate; those who chose to become guardians get the same rate the child was receiving in foster care.
Michigan	♦ In the past, assessments of care needs were inconsistent statewide. Children were assessed for more intensive needs than necessary. Adoption assistance and foster care case workers began working together to develop consistent assessments for subsidy needs.	Yes	None noted.	♦ Assessments of care needs across the state have become more consistent. ♦ Michigan's Adoptions program does not include negotiated subsidy rates; the families automatically get the same rate for adoption assistance as was received in foster care.
Missouri	♦ The Missouri Legislature introduced legislation mandating means testing on all potential adoptive parents.	No	Lawsuit filed against the state.	♦ A Missouri court permanently banned means testing and found that the means testing provision discriminates against children whose subsidies are solely state funded. Means testing was not ever conducted.
Montana	♦ Negotiated with families for rates lower than the foster care rate. Also attempted to lower subsidy amounts prior to placement in the adoptive home.	Yes	None noted.	♦ The maximum monthly adoption assistance rate is \$10 less than foster care rate. ♦ After assessing the child's needs, the adoptive family must submit an application that includes financial information and prior year tax returns. ♦ Even if they request no financial assistance, families are encouraged to apply for adoption assistance because if the need arises later, they have a standing contract and only need to renegotiate the terms.
Ohio	♦ Ohio has used means testing for state funded adoption assistance since before the mid-1990s.	Yes	Minimal cost savings because most subsidies are federally funded.	♦ Most adoptive children in Ohio are eligible for federally funded (Title IV-E) assistance; therefore a means test may not be used when determining subsidy eligibility and amount.
Oklahoma	♦ Simplified adoption assistance rates in March 2003 and reduced payments.	No	Officials reported that rate restructuring & reduction has been a significant disincentive for adoptions.	♦ Adoption assistance rates decreased significantly in 2003. ♦ In response to the decrease, there was a 10% increase in January 2006 and a second rate increase of 8.5% in September 2006. However, the two increases do not meet the initial rate families were receiving when the rates were first cut in 2003.
Texas	♦ Returned to negotiating each agreement instead of providing the maximum payment amount.	Yes	Adoption assistance payments have stabilized.	

Utah	<ul style="list-style-type: none"> <li>♦ Negotiates with adoptive families.</li> <li>♦ Utilizes non-pay agreements.</li> <li>♦ Limited access to “supplemental funds” to extraordinary cases only; requests are reviewed by committee.</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	Specific cost savings is not known.	<ul style="list-style-type: none"> <li>♦ Average starting monthly adoption assistance payment is about \$250. Families are able to renegotiate if/when child’s needs change.</li> <li>♦ Families are required to sign an annual recertification to (1) certify they are still legally responsible for the child and providing financial support, (2) report any significant changes in the child’s life and (3) assess whether the current subsidy level is meeting the child’s needs.</li> </ul>
Washington	<ul style="list-style-type: none"> <li>♦ Implemented monitoring tool to assist families in examining their capacity to incorporate a child into the household.</li> </ul>	<p>Yes</p>	No cost savings noted. However, the adoption process seems to be faster.	<ul style="list-style-type: none"> <li>♦ Using the monitoring tool has been effective in establishing a starting point for negotiation dialogue. The tool is a worksheet that promotes analysis of what things may change and future costs that a family would incur, were they to adopt a child.</li> </ul>



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