All states require prospective foster and adoptive parents to have sufficient income to meet their own needs and ensure the security and stability of the household, independent of foster care maintenance or adoption subsidy payments. While caregivers are reimbursed for a child’s basic needs, this money should not be perceived as a way to make extra income.

Few states specify the precise amount of income or assets a household must have. Nor is a methodology offered that can be used to calculate this amount. Should all or some of these be included: taxes; credit card, interest, debt, or loan payments; food, utility, insurance, and transportation costs; savings and investments? What if there is a history of bankruptcy or foreclosure? Should a household whose income is below the federal poverty line be categorically excluded?

2014 Poverty Guidelines for the 48 Contiguous States and the District of Columbia

<table>
<thead>
<tr>
<th>Number of people in family/household</th>
<th>Poverty guideline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$11,670</td>
</tr>
<tr>
<td>2</td>
<td>$15,730</td>
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<tr>
<td>3</td>
<td>$19,790</td>
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<tr>
<td>5</td>
<td>$27,910</td>
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<td>6</td>
<td>$31,970</td>
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<tr>
<td>7</td>
<td>$36,030</td>
</tr>
<tr>
<td>8</td>
<td>$40,090</td>
</tr>
</tbody>
</table>

Not enough is known about what income and assets foster and adoptive families actually need and how those needs change depending on the number and types of children they are fostering or adopting. Moreover, financial sufficiency involves not just a demonstrated amount of income at the time of application to be a foster or adoptive parent, but rather income security over time.

The financial planning community has countless free, user-friendly on-line calculators. They can provide advice regarding the best time to retire, how much income you’ll need, at what rate money should be withdrawn, the benefits of a traditional IRA, a Roth IRA, 401(k) and 403(b) plans, calculators for compound interest, social security benefits, annuity payments, etc. Each state’s foster care and adoption placement unit might benefit by developing a similar interactive tool that will allow it to determine how much it costs for a family with a particular socio-economic profile to foster or adopt a specific type and number of children. Of course, such a calculator cannot be used rigidly or uncritically. It needs to fit into the overall home study process. It is not possible to calculate a single level of income that would be suitable for all similarly financially situated foster or adoptive parents, though some ballpark figure could provide a useful guide.

The level of income required by any particular family is dependent on its
desired standard of living, and the location and structure of its household. Spending can also vary because of a combination of needs, expectations, and preferences. For example, a family might spend more on transportation if it is more mobile or resides in a rural area.

DeVooght and Blazey (2013) report that “Most states pay the same rate for family foster care to families across the state, regardless of the geographic location of the home. Eight states report a variation in rates based on the geographic location of the foster home in the state” (p. 7). As much as possible, the most local, reliable data available should be taken into account. For instance, expenses that seldom have significant variation, such as food, might be standardized across a small state or region, while expenses such as day care, health care, energy, housing, and transportation may vary substantially, and can be calculated for the applicant’s particular locale. One excellent interactive tool developed by the Center for Neighborhood Technology, allows the user to calculate local housing and transportation costs, the two largest items in a typical household budget.

Financial stability is not an end in itself, and income sufficiency is never the sole determinant of healthy family functioning. Indeed, many foster parents pay out-of-pocket for the needs of their foster children simply because the per diem rate is inadequate. Still, “for all practical purposes, lack of specificity renders a ‘sufficient income’ provision unenforceable, and invites questionable applicants to be foster and adoptive parents, motivated for the wrong reasons,” says Massachusetts attorney Karen K. Greenberg. While applicants do not need to be prosperous, the home approval process should require an objective in-depth evaluation of an applicant’s total financial history and prospects. 

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who only participated in the workforce development program.

SOCIAL SERVICE AGENCIES CAN BEGIN TO ACTIVELY SEEK OUT INTEGRATION OPPORTUNITIES

Addressing financial challenges is a “win-win” situation for social service agencies, clients, employers, and the economy as a whole. Before agencies begin integrating financial capability services there are important things to consider in order to determine if they have the right opportunity to expand services.

A field scan of integration activities within the Administration for Children and Families programs, performed by the U.S. Department of Health and Human Services in 2013, found that for optimal impact, federal, state, and local social service agencies considering integration should:

1. Be able to articulate how integrating financial capability services boosts outcomes and builds on already established program goals.
2. Demonstrate the ability to scale integrated services for a large number of families.
3. Identify champions for integrating financial capability who can help ensure that pilots or initiatives move forward in a substantial way.
4. Capitalize on a “leverage point,” where there is a feasible opportunity for integrating one or more financial capability services.
5. Interact with households to fully understand their financial challenges, meeting them where they are, and engaging with them in a meaningful way.

The financial challenges that households like Ashlee’s face are unfortunately becoming far too common in the United States. Solutions to alleviate unstable balance sheets cannot just address adequate income or wealth, but must also consider how households gain knowledge about better financial management and put that knowledge into practice by having convenient and safe financial products.

Expanding financial capability services improves on what programs are currently doing and creates more long-term solutions so households don’t find themselves cycling in and out of financial insecurity—and in and out of human service programs. Rather, when financial capability services expand, families receive the knowledge and access to products needed to alleviate a range of financial challenges. With these goals in mind, we can start meeting people where they are.

Reference Notes

2. “All states … classify children into different payment levels of family foster care. In other words, no state utilizes only a single rate for children in family foster homes that applies across the state for all children. States vary widely, however, in the number of different payment “levels” or “categories” they use. Some states have as few as two rate levels for children in family foster homes (e.g., “Basic rate” and “Special Board rate”), while several states reported 10 or more payment categories” (p. 6). DeVooght, K. & Blazey, D. (2013). Family foster care reimbursement rates in the U.S. Available at http://www.childtrends.org/wp-content/uploads/2013/04/Foster-Care-Payment-Rate-Report.pdf
3. Available at http://aspe.hhs.gov/poverty/1mpoverty.cfm
5. Available at http://htaindex.cnt.org/