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## PRIVATE ADOPTION AGENCY REIMBURSEMENT PROGRAM (PAARP), BUDGET ITEM

*(SUCCESSFULLY PASSED IN 2007-08 BUDGET)*

**Proposal:** To keep the state's promise that every child who otherwise would remain in long-term foster care has a permanent family, the reimbursement rate to non-profit private adoption agencies should be increased.

**Discussion:** In 2005-06, 7,103 children were adopted from California's foster care system, leaving 54,450 foster children who cannot re-unify, many of whom will age out without a chance for a permanent family. Children who otherwise could be adopted remain in the foster care system because the level of funding for the Private Adoption Agency Reimbursement Payments program (PAARP) has been frozen for the past seven years while costs have soared.

The large gap between the actual cost of finalizing foster children adoptions and the PAARP rate prevents private nonprofit adoption agencies from completing the number of adoptions they would and can do. In order to increase the number of adoptions of foster children, the 2007-08 State Budget needs to increase PAARP funding from \$5,000 to \$10,000 per child. Research has demonstrated that achieving adoption for children with special needs is cost effective. For each child with special needs adopted, the state recoups the money in just two years with substantial savings in administrative, social work and court costs. PAARP is the only performance-linked funding mechanism in child welfare.

### Facts:

- Cost to Recruit Adoptive Parents Has Increased: The recent commitment of California's child welfare system to find permanent families for foster children of all ages who have been traumatized by abuse, abandonment or neglect results in more extensive and costly recruitment to find prospective families and higher training and support costs to prepare families.
- Concurrent Planning Increases Costs: In Concurrent Planning cases, foster children are placed with potential adoptive parents who know they will be able to adopt the child only if reunification fails. Recruitment, training and support for potential adoptive parents, willing to become attached to a child without the security of knowing they will be able to adopt, is much more difficult and therefore more expensive.
- No Increase in Reimbursement Rate for Seven Years: It is expensive to recruit and train staff to do adoption specialty work. The salaries and benefits paid social workers in private adoption agencies is much lower than in public agencies. Lower compensation creates higher staff turnover, which in turn, creates higher costs to train and retain adoption competent staff.
- Facility Costs Have Increased: Facility costs are particularly expensive in metropolitan and coastal counties where many foster youth reside. Utilities and insurance have risen dramatically.

### Budget Impact:

One-half of the PAARP reimbursement is paid at the time the adoption placement agreement is signed and the remainder is paid when the adoption is finalized. **Increasing PAARP reimbursement from \$5,000 to \$10,000 would cost the state only \$2,650 per child because the federal share of cost is**

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47%. The increase to the State general fund would be \$5.6 million. Even more important than saving the state money, however, adoption provides a child – who otherwise would have been raised in long-term foster care only to age out at 18 – with a chance for a lifelong relationship with parents and family.