

Subsidies change incentives for adoption of foster children: study

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The structure of a federal program that provides monthly subsidies to promote the adoptions of special needs children in foster care may actually be delaying some adoptions, according to a new study by University of Notre Dame economist Kasey Buckles.

The Adoption Assistance and Child Welfare Act (AACWA), passed in 1980, provides an average of \$670 per month for foster parents of special needs children, while [adoptive parents](#) of special needs children receive an average of \$571 per month. "Special needs" refers to foster children who may be harder to place in permanent adoptive homes because of age, race, or mental or [physical disability](#).

Forthcoming in the [Journal of Human Resources](#), Buckles' study shows that the number of adoptions increases when children become eligible for an adoption subsidy, and most of the increase is from adoptions by foster parents. However, the age of subsidy eligibility for children varies by state since states can choose how they define a special needs child. As a result, children in some states become subsidy eligible at age 2, while others are not eligible until age 12.

"A foster parent who adopts a child who is not yet eligible for the adoption subsidy forfeits \$670 per month, on average. This creates an incentive for foster parents to wait until their foster child is eligible by age to formally adopt."

The vast majority of foster children come from [disadvantaged](#)

[backgrounds](#), and formalized adoption can have an emotionally stabilizing effect on these children.

"If the [foster parents](#) who are waiting to adopt could be granted an adoption subsidy sooner, the child could be moved into a stable adoptive relationship more quickly. This would have the added benefit of saving money, since adoption subsidies are always less than what the state spends to support a child in foster care."

Provided by University of Notre Dame

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