



SUBSIDIZED GUARDIANSHIP:
TESTING THE EFFECTIVENESS OF AN IDEA
WHOSE TIME HAS FINALLY COME

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CHILDREN AND FAMILY RESEARCH CENTER

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Introduction

In 2003, the state of Illinois announced the results of the largest randomized controlled trial of subsidized guardianship that has been implemented under a federal IV-E waiver (Testa, Cohen & Smith, 2003). The purpose of the demonstration was to test the internal validity of encouraging related and non-related foster parents to assume permanent legal guardianship of foster children by offering them financial subsidies in amounts similar to the subsidies they could otherwise receive as licensed foster or adoptive parents. The interim and final evaluations showed a statistically significant 6.1 percentage-point improvement in overall permanence among children randomly assigned to the intervention group, in which caregivers were offered the new guardianship subsidy, compared to those assigned to the comparison group, in which the options were limited to

reunification, adoption assistance, or remaining in long-term foster care (Testa 2002; Testa, Cohen & Smith 2003).

The principal findings on permanence and the related results and subsequent studies on child safety, placement stability, and personal well-being (Testa 2005) convinced the federal government to renew the waiver for another five years (Administration of Children and Families, 2003) and were compelling enough for The Pew Commission on Children in Foster Care (2004) to recommend federal guardianship assistance to all children who leave foster care to live with a permanent legal guardian. Congressmen Danny Davis (D-IL) and Timothy Johnson (R-IL) acted on the Illinois findings and the Pew recommendations by introducing bi-partisan legislation, the Kinship Caregiver's Support Act (H.R. 2188), which amends title IV-E of the Social Security Act to authorize all states to enter into agreements to provide assistance payments on behalf of children to relatives who have assumed legal guardianship of children formerly under their foster care. Although the House legislation and its companion bill in the Senate (S.B. 661) have garnered broad support from child welfare advocates and an impressive list of co-sponsors, there still remain lingering doubts about the need for and advisability of adding legal guardianship to the array of federally subsidized permanency options.

First, there is uncertainty over the generalizability of the Illinois findings beyond the state's unique historical circumstances and distinctive policies on kinship foster care. Prior to the implementation of the Illinois waiver in 1997, the state had the highest per-capita rate of kinship foster care in the nation (Petit and Curtis, 1997). The state had recently implemented a controversial Home of Relative (HMR) Reform Plan that supported non-licensed relative caregivers at a lower subsidy level than what relatives

could receive as licensed foster or adoptive parents (Gleason, 1996; Testa, 1997). As a result, there was a financial incentive for a majority of caregivers enrolled in the Illinois HMR program to leave the foster care system for higher subsidies under either adoption assistance or the new subsidized guardianship program. Would there be as large an effect of subsidized guardianship on permanency rates for other populations and in other settings where such financial incentives did not exist?

Second, there was the well-publicized finding that a larger proportion of children assigned to the comparison group were eventually adopted out of foster care than in the intervention group (Testa, 2005). Although the availability of subsidized guardianship did reduce the average time children spent in foster care and raised overall permanency rates, follow-up studies suggested that as many as two-thirds of the children taken into legal guardianship might have eventually been adopted in the absence of the waiver. Is the boost in net permanence worth the loss in adoptions with respect to the stability of the home and the well-being of the child?

Lastly, there is some worry about the financial risks of adding another uncapped entitlement to the federal child welfare program. Like adoption assistance, subsidized guardianship is cost effective in the sense that the expenses for child placement services and other administrative activities are no longer shouldered by the state because the foster care case is closed by the child welfare agency and the court. Although most of the savings in foster care maintenance payments are reinvested in adoption and guardianship subsidies, there are also some modest savings that can be recouped from the discontinuation of certain foster care benefits, such as periodic clothing allowances and child care reimbursements. Despite such assurances that subsidized guardianship is cost

neutral to states and the federal government, there are suspicions that the program might turn out to be more expensive in the long run. Under existing policies, the ongoing public costs associated with reunifying children or discharging them to the custody of relatives are much lower than entitling families to a guardianship subsidy until the child turns 18 years old. Are the savings from subsidized guardianship likely to become deficits in the long run because of the lengthier reliance of families on state assistance than children who are reunified with their birth parents or discharged to the custody of kin?

The last group of subsidized guardianship waivers that the U.S. Department of Human Services (HHS) awarded prior to the expiration of waiver authority in 2006 offers an opportunity to test the external validity of Illinois' results and to address the concerns raised about the waiver's potential for contributing to lower adoptions and higher entitlement spending. Two of the demonstration sites, Milwaukee, Wisconsin and the state of Tennessee, are operating under similar terms and conditions that replicate closely the Illinois waiver and are being evaluated by the same team that conducted the evaluation, Westat, Inc. and the University of Illinois Children and Family Research Center. In this current study, interim findings are reported from the evaluation of the Milwaukee demonstration which has been operating for more than two years. Preliminary findings are reported for the Tennessee demonstration which has been operating for one year.

Methods

The study adheres to the Consolidated Standards of Reporting Trails (CONSORT) that have been recommended to improve transparency in conveying to readers why a

randomized controlled trial (RCT) was undertaken and how it was conducted and analyzed (Moher, Schulz, & Altman, 2001). Originally developed in 1996, the CONSORT statement was revised in 1999 to make explicit various threats to internal validity arising from *sample attrition*, e.g., refusals, loss to follow-up, and intervention discontinuation, *treatment dilution*, i.e., incomplete compliance with the intended treatment, and *treatment migration*, i.e., crossing over to get a different treatment.

The RCT is the “gold standard” for causal inference in interventions research. By leaving the allocation of units to a chance process, such as flipping a coin, drawing a lottery ball, or consulting a table of random numbers, the laws of probability help to ensure that the intervention and comparison groups are statistically equivalent within the bounds of chance error on both observable and unobservable characteristics prior to the start of the intervention. If after the intervention differences in outcomes emerge, it is reasonable to infer that the cause of the difference is the intervention itself rather than any preexisting differences between the groups. Although the RCT is a powerful design for drawing internally valid causal inferences, sample attrition, treatment dilution, and treatment migration can result in groups that are statistically dissimilar at the end of the study even though they started out as statistically equivalent at the beginning.

Many RCTs are what Paul Holland calls “encouragement designs” (Holland, 1988). These are designs that involve the allocation of units to an encouragement condition that is intended to induce cooperation with a desired course of action. Like all cooperative relationships, there are risks that some principals or their agents will “defect” from this intention. Therefore while encouragement designs may be experimental at the

start, they can end up being “quasi-experimental” at the end because of differential selection into alternative cooperative states.

Many subsidized guardianship demonstrations are encouragement designs in the sense that they attempt to encourage caregivers to exit the foster care system by removing financial disincentives to their assuming permanent legal guardianship of the foster children under their care. Illinois, Tennessee, and Wisconsin offer financial subsidies to prospective legal guardians in amounts similar to the subsidies they could otherwise receive as licensed foster or adoptive parents. In order to be offered this encouragement, however, the option must be presented to prospective guardians at an individual or family group meeting. For a variety of reasons, all of the caregivers allocated to the intervention are not informed of availability of subsidized guardianship as a permanency option. Some of the reasons for non-compliance with the intended treatment are related to the various “rule-out” provisions that different federal terms and conditions impose on the state’s implementation of the waiver.

The terms and conditions of the many of the first IV-E waivers that the federal government awarded back in 1997 stipulated that that subsidized guardianship should be offered only after other permanency goals, including returning home and adoption, had been ruled out as acceptable alternatives. In the Illinois demonstration, problems arose immediately as to how to interpret and implement this rule-out provision (Testa, 2005). Some stakeholders (“adoption hawks”) held the opinion that the permanency options of reunification and adoption should be presented sequentially to caregivers and that guardianship should be broached only after these other alternatives had been rule-out by the child welfare agency or the court. Others (“guardianship doves”) thought that all of

the permanency options should be laid simultaneously on the table and that the family should take the lead in deciding the most appropriate permanency option for the child. Partially as a result of these differences of opinion, some 22 percent of caregivers allocated to the intervention group in Illinois reported never having heard about subsidized guardianship as permanency option for the children residing under their care.

In the past, researchers may have restricted their analysis to only those 78 percent of caregivers in the intervention group who actually received the intended information about subsidized guardianship and compared their outcomes to all those assigned to the comparison group. The problem with this approach is that the subset of treated families in the intervention group may no longer be representative of the entire group initially allocated to the intervention. Such an analysis could bias the estimate of the intervention effect on the treated group because of caseworker or other agent selection of whom is informed of the permanency option and from whom this information is withheld.

Nowadays the recommended approach is an “intention-to-treat” (ITT) analysis in which all subjects are analyzed as if they received the treatment to which they were allocated.

This approach preserves the statistical equivalence of the original group assignments, but it yields an unbiased estimate only of the effects of being assigned to an intervention and not the effects of actually receiving the intended treatment.

Results

Baseline Characteristics

Tables 1 to 3 shows that randomization was largely successful in balancing the characteristics of children and their caregivers who were assigned to the intervention and

comparison groups in all three of the waiver programs implemented in Illinois, Milwaukee, Wisconsin, and Tennessee. Given that intervention and comparison groups look statistically similar at the start of the demonstration, any differences that later emerge with respect to permanency outcomes and days spent in foster care can be reasonably attributed to the offer of subsidized guardianship to the intervention group. Because of the smaller sample sizes in Milwaukee, chance fluctuations produce larger differences in baseline characteristics (e.g. gender and age) than the differences in Illinois and Tennessee, which may diminish as more children are assigned. Meanwhile any residual significant differences can be handled by including statistical controls in analyzing permanency outcomes.

Table 1—Differences in sample characteristics of children and caregivers assigned to the Illinois subsidized guardianship demonstration from 1997 to 1999.

	Intervention	Comparison	Difference
Child characteristics			
Age at interview	9.9	10.1	-0.2
Age at removal	4.8	4.8	0.0
Female	49.5%	49.7%	-0.2%
White	9.9%	9.4%	0.5%
Black	83.6%	85.3%	-1.7%
Caregiver characteristics			
Age at interview	51.2	51.8	-0.7
White	10.7%	10.8%	-0.1%
Black	82.5%	83.2%	-0.8%
Married	32.5%	32.2%	0.3%
Less than high school	40.0%	39.9%	0.1%
High school graduate	17.2%	19.3%	-2.1%
Some college	28.5%	24.8%	3.7%
Full-time employment	34.8%	34.2%	0.6%
Not in labor force	47.6%	48.7%	-1.1%
Intend to raise child to adulthood	78.7%	79.6%	-0.9%
Caregiver-child relationships			
Grandparent-grandchild	43.4%	48.3%	-4.9%
Aunt/Uncle-niece/nephew	18.0%	18.1%	-0.1%
Foster parent-foster child	18.5%	17.2%	1.3%
Matched ethnic backgrounds	2.8%	3.3%	-0.5%

Sample N	1,197	1,228	
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Table 2—Differences in sample characteristics of children and caregivers assigned to the Wisconsin subsidized guardianship demonstration from 2006 to 2007.

	Intervention	Comparison	Difference
Child characteristics			
Age at random assignment*			
Under 6 years old	34.6%	21.7%	12.9%
6 to 13 years old	41.7%	55.9%	-14.2%
14 years old and older	24.4%	22.4%	2.0%
Female*	55.8%	44.7%	11.1%
White	24.4%	18.6%	5.8%
Black	78.2%	78.9%	-0.7%
Diagnosed disability	12.8%	13.7%	-0.9%
Birth family characteristics			
Married couple	10.3%	11.8%	-1.5%
Unmarried couple	10.9%	9.9%	1.0%
Single female	75.6%	71.4%	4.2%
Single male	2.6%	5.0%	-2.4%
Caregiver characteristics			
Married couple	32.1%	34.2%	-2.1%
Unmarried couple	4.5%	6.8%	-2.3%
Single female	57.1%	50.3%	6.8%
Single male	3.0%	6.0%	-3.0%
Sample N	156	161	

*Statistically significant at the .05 level.

Table 3—Differences in sample characteristics of children and caregivers assigned to the Tennessee subsidized guardianship demonstration in 2007.

	Demonstration	Comparison	Difference
Child characteristics			
Age at assignment	11.0	11.1	-0.1
Age at removal	7.2	7.4	-0.2
Female	48.1%	48.4%	-0.2%
White	32.4%	30.0%	2.4%
Black	65.9%	65.6%	0.3%
Caregiver characteristics			
Age at interview	47.9	48.5	-0.6
White	32.8%	31.1%	1.6%
Black	63.9%	66.7%	-2.8%
Caregiver-child relationships			
Grandparent-grandchild	26.7%	23.8%	2.9%

	Demonstration	Comparison	Difference
Aunt/Uncle-niece/nephew	25.7%	28.2%	-2.5%
Other Relatives	16.2%	15.0%	1.2%
Non-biological kin	31.4%	33.0%	-1.6%
Circumstances at assignment			
Prior placements	2.9	3.0	-0.1
IV-E eligible	54.6%	48.7%	5.9%
Subsidy at assignment	\$240.02	\$222.89	\$17.13
Site at Assignment			
Davidson	35.8%	37.7%	-1.9%
Shelby	41.0%	40.3%	0.7%
Upper Cumberland	23.2%	22.0%	1.2%
Sample N	293	273	

Permanency Outcomes

Tables 4 to 6 present the differences in the permanency outcomes for all three states and average foster care days for Illinois and Milwaukee, Wisconsin. The results show that overall permanency rates were higher and fewer average days of foster care were consumed in the intervention group than in the comparison group.

By the end of the observational period, 25.7% of the intervention group was eventually discharged to permanent guardianship in Illinois, 17.8% in Milwaukee, Wisconsin, and 26.6% in Tennessee. The combined permanency rate of guardianships with reunifications, adoptions, and living with other relatives at the end of 2007 was 6.6 percentage points higher in the intervention group than in the comparison group in Illinois, 19.9% higher in Milwaukee, Wisconsin, and 12.8% in Tennessee. Because of the overall permanency difference and the shorter time it takes to finalize legal guardianships than adoptions because parental rights do not need to be terminated, children assigned to the intervention group consumed an average of 209 fewer days of foster care than

children assigned to the comparison group in Illinois and 76 fewer days in Milwaukee, Wisconsin. Data on paid foster care days are not yet available for Tennessee.

Cost Savings

The fewer average days of foster care figures into the cost-neutrality formula as follows: Instead of claiming IV-E reimbursements for the days that children in the intervention group actually consumed on average, the waiver generates IV-E claims by basing bills on the average foster care days that were consumed by the children in the comparison (cost-neutrality) group. In this way, spending on the cost neutrality group, who receives the regular federally-eligible services, approximates the “counterfactual” reimbursements that the state would have received for the children assigned to the intervention group in the absence of the waiver.

Table 4—Differences in permanency outcomes and cumulative days spent in foster care 10 years after randomization for children assigned to the Illinois subsidized guardianship demonstration as of June 2007.

	Intervention	Comparison	Difference
Combined permanency outcomes	87.0%	80.4%	6.6%
Reunification	5.2%	7.7%	-2.6%
Adoption	56.1%	72.1%	-16.0%
Permanent guardianship	25.7%	0.6%	25.2%
Average days of foster care	1,089	1,298	-209
Sample N	1,197	1,228	

Table 5—Differences in permanency outcomes and cumulative days spent in foster care 2 years after randomization for children assigned to the Wisconsin subsidized guardianship demonstration as of November 2007.

	Intervention	Comparison	Difference
Combined permanency outcomes	58.6%	38.7%	19.9%
Reunification	9.6%	8.6%	1.0%
Adoption	31.2%	28.8%	2.4%
Living with other relatives	0.0%	0.6%	-0.6%
Permanent guardianship	17.8%	0.6%	17.2%

Average days of foster care	377	453	-76
Sample N	157	163	

Table 6—Differences in permanency outcomes and cumulative days spent in foster care 1 year after randomization for children assigned to the Tennessee subsidized guardianship demonstration as of December 2007.

	Intervention	Comparison	Difference
Combined permanency outcomes	59.0%	46.2%	12.8%
Reunification	11.6%	12.1%	-0.5%
Adoption	18.4%	28.6%	-10.2%
Living with other relatives	2.4%	3.3%	-0.9%
Permanent guardianship	26.6%	2.2%	24.4%
Sample N	293	273	

Most of the savings in foster care maintenance payments are reinvested in adoption and guardianship subsidies. But there are also some modest savings that are recouped from the discontinuation of certain foster care benefits, such as periodic clothing allowances and cost-of-living increases. The largest savings, however, arise from the closing of the child welfare cases and the discontinuation of administrative and judicial oversight. In Illinois, title IV-E administrative claims for foster care ran approximately \$11 per day higher than the IV-E administrative costs for guardianship and adoption. Multiplying this unit cost by the additional 209 foster care days consumed on average in the cost neutrality group yielded a net administrative IV-E cost savings of \$2,294 per child assigned to the intervention group. Multiplying this imputed per-child savings by the total 40,000 children ever assigned to the intervention group in Illinois produced a surplus claim of approximately \$90 million dollars that the state was able to reinvest in guardian subsidies for non-IV-E eligible children and other child welfare

improvements. As the demonstrations in Wisconsin and Tennessee unfold, similar administrative savings are expected.

Treatment on the Treated Analysis

The differences in permanency outcomes reported above and the associated cost neutrality calculations are based on an “intention-to-treat” (ITT) analysis in which all subjects are analyzed as if they received the treatment to which they were allocated. This approach preserves the statistical equivalence of the original group assignments, but it yields an unbiased estimate only of the effects of being assigned to an intervention and not the effects of actually receiving the intended treatment. An analysis of the effect of the “treatment-on-the-treated” (TOT) requires taking into account the selectivity biases associated with the actual receipt of treatment.

Tables 7 and 8 show the cumulative amount of paid foster care days subdivided by whether the caregivers in the intervention group reported being offered the guardianship subsidy. Their responses can be considered proxies for the receipt of the intended treatment. In-person surveys conducted by Westat, Inc. with Illinois caregivers in 1998 found that approximately 22 percent of caregivers in the intervention group reported that they had never been informed by their caseworkers about the subsidized guardianship option. In Milwaukee, Wisconsin, approximately 37 percent reported never being informed.

Table 7—Cumulative Days of Paid Foster Care by Received Treatment as of December 2006 in Illinois Subsidized Guardianship Demonstration,

Group	Group Size	Days of Paid Foster Care	
		Sum	Mean

Intervention			
Offered SG	930	906,685	975
Not Offered SG	267	397,099	1,487
Total	1,197	1,303,784	1,089
Comparison	1,228	1,593,580	1,298

Table 8—Cumulative Days of Paid Foster Care by Received Treatment as of November 2007 in Wisconsin Subsidized Guardianship Demonstration,

Group	Group Size	Days of Paid Foster Care	
		Sum	Mean
Intervention			
Offered SG	82	34,522	421
Not Offered SG	48	16,497	351
Total	130	51,084	396
Comparison	132	61,920	480

Restricting the analysis to only those children in the intervention group whose caregivers were actually informed about the program could potentially bias the estimate of effect of subsidized guardianship on the treated. In Illinois, children in homes that were not offered the guardianship option had longer durations of foster care than other children in the intervention and comparison groups (see Table 7), while in Milwaukee children not offered the guardianship option had shorter durations of foster care. The difference arises from the fact that caseworkers in Illinois appeared to withhold information from caregivers whom they perceived to be less suitable as permanent guardians while in Milwaukee caseworkers withheld information from families already on the track toward adoption. In both cases, an analysis limited to only the treated would tend to misestimate the guardianship effect because of the selectivity biases.

An ITT analysis in Illinois finds on average a 209 day decrease due to the intervention ignoring whether families in the intervention were actually asked about the SG option or not. This is an understatement of the potential treatment effect but still

represents a 16% reduction in cumulative days of foster care because of the intervention. On the other hand, an analysis that restricts the comparison to only those 78% of families in the intervention who were actually informed about the program finds a 323 day decrease on average due to the treatment. This represents a 25% reduction in cumulative days of foster care. This is clearly an overstatement of the treatment effect. It compares the subset of children whose families received the treatment to all of the families in the comparison group, some of whom would also have not been informed of the new permanency option because of caseworker intuitions about guardian suitability and what was in the best interests of the child.

The potential-outcomes perspective helps to refine the estimate of the TOT effect that lies somewhere in between the two estimates. This section draws from methods described by Joshua Angrist (2006) and interpretations offered by Michael Schwatz and Arlene Ash (2003). Because randomization tends to distribute compliance propensities evenly among the intervention and comparison groups, it is reasonable to assume that only 78 percent of children in the comparison group would have been offered the SG option had they been eligible for the intervention. Because randomization also makes the two groups statistically equivalent with respect to other population conditions, it may be assumed that the results for the 22% or 270 children in the comparison group whose families would also not have been asked about the SG option had they had been eligible would look much like the results for comparable group of children the intervention group. Accordingly, the potential outcomes for these 270 children in the comparison group could be expected to average about 1,487 days of foster care under the counterfactual condition. Multiplying this estimate by the 270 children yields a total of 223,640 days

that they would have been expected to spend in paid foster care. This leaves 1,191,781 foster care days (1,593,580 days – 223,640 days) or an average of 1,244 days that the 78% of treated children would have spent in foster care had they instead been *ineligible* for the program. Since the factual and counterfactual treatment groups are statistically equivalent, it is reasonable to infer that the SG treatment reduced the average length of foster care by 269 days from 1,244 days to 975 days or by 22% among this group of treated children whose caregivers were offered the SG option.

The TOT effect, δ , can also be estimated by dividing the ITT effect of -208 foster care days by the difference in the fraction of the two groups exposed to the actual treatment (77.6% - 0%). This is the formula given by Angrist (2006), which holds whenever it is correct to assume that the treatment effect is constant and the random assignment mechanism satisfies the key assumptions of an instrumental variable. The result is -269 days, which is the same as the TOT estimate obtained from the counterfactual simulation. Whenever there is complete compliance in the comparison group (i.e. no ineligible families get the SG treatment), as is the case in this example, the TOT effect can be approximated by the ITT effect divided by the treatment rate in the intervention group.

The estimation of the TOT effect from the ratio of the ITT effect to the treatment rate provides a segue to the well known two-stage-least-squares (2SLS) method that economists have long employed to solve the variety of omitted-variable and simultaneity biases in economic research (Foster & McClanahan, 1996). The 2SLS method involves first regressing the treatment indicator against the instrumental variable(s) and other explanatory predictors, and second substituting the predicted rate from the treatment

model for the intervention or intent-to-treat indicator. The 2SLS method gives the same results of the TOT effect above. The advantage is that it also allows for the addition of other population conditions as predictors of both the probability of treatment and the outcome of interest.

Table 9 reports the results of the 2SLS estimate of the TOT effect in Milwaukee, Wisconsin. While the ITT estimates of the savings in foster care days and maintenance costs are substantial, as explained above, they underestimate the savings that Wisconsin would have forgone in the absence of the waiver because of incomplete compliance with the intention to offer intervention families a guardianship subsidy. The estimated costs for the families who were offered this option would have been approximately 30 percent higher had they been denied this subsidy. This is because a smaller fraction of families would have been able to exit the system to legal guardianship in the absence of the waiver.

Table 9.—2SLS Estimates of TOT Effects on Foster Care Days and Expenditures in Wisconsin Subsidized Guardianship Demonstration

Covariates	Foster care days			Foster care maintenance		
	Coeff.	Sig.	Jackknife Std. Err.	Coeff.	Sig.	Jackknife Std. Err.
Offered SG	-133	0.01	57	-\$4,601	0.01	\$1,922
Male	-5	--	27	\$2,768	0.01	\$1,228
Black	110	0.00	42	\$2,679	0.02	\$1,323
Age of child	9	0.00	3	\$472	0.00	\$131
IV-E eligible	58	0.04	34	-\$217	--	\$1,284
Relatedness	14	--	21	\$1,208	--	\$852
Paternal side	30	--	37	-\$1,440	--	\$1,478
Constant	238	0.00	81	\$553	--	\$2,791

-- Not statistically different from zero.

This estimate is based on a 2SLS analysis of TOT effects with random assignment serving as an instrumental variable. When additional covariates are included in the

selection and behavioral equations, the TOT savings is 133 days and \$4,601 dollars, respectively. Thus, for the two-thirds of families who were offered subsidized guardianship, Milwaukee would have spent an average of \$4,601 in maintenance payments for an additional 4.4 months of foster care in the absence of the IV-E waiver. These TOT estimates and the coefficient estimates for other covariates in the behavioral equation are listed in Table 9. The standard errors have been corrected for sibling clustering by using replicate weights to generate jackknife estimates. Although these other coefficients and their associated standard error estimates are descriptive rather than causal, the results do reveal some well-known significant associations.

First, although boys are no more likely than girls to have longer lengths of stay, the cost of their care tends to be significantly more expensive. Black children are also more likely than white and children of other races to run up higher average costs, but this is primarily associated with the longer time black children stay on average in foster care. Also, for each year older the child is at the time of assignment to the demonstration, the more days the child stays in foster care and the more dollars are spent on his or her care. Although IV-E eligibility is also associated with an additional 2 months of foster care, the extra time appears not to translate into higher average costs.

Discussion

Interim findings from the Wisconsin and Tennessee subsidized guardianship demonstrations suggest that the results from the Illinois demonstration can confidently be generalized beyond the particular policy context of Illinois foster care. Overall permanency rates are higher in the intervention group than in the comparison group in all three states and fewer average days of foster care are consumed in Illinois and Wisconsin.

Similar reductions in paid foster care days are expected for Tennessee when these costs data become available for analysis.

Permanent guardianship offers an attractive alternative that appears to address many of the concerns that relatives and caseworkers express about kin adopting their own family members. Unlike adoption, guardianship does not recast kinship relations into the nuclear family mold of parent and child. Guardians retain their extended family identities as grandparents, aunts, and uncles. It does not require the termination of parental rights, which legally estranges children not only from their birth parents but also from their unadopted siblings. Birth parents may still exercise a limited role in their children's upbringing. They hold on to certain residual rights and obligations, such the rights to visit and consent to adoption as well as the obligation for child support. Children may also retain rights of sibling visitation. If circumstances change, parents may petition the court to vacate the guardianship and return the children to their custody, unlike adoption that is consummated only after the birth parents rights to regain custody are permanently extinguished. Finally, guardianship limits the financial liability of guardians for the upkeep of their wards, unlike adoption that reassigns these financial obligations fully to the adoptive parents.

Despite these advantages, there are some concerns that subsidized guardianship will detract from the numbers of children who might be reunified or adopted in the absence of the guardianship subsidy. The results across all three sites show no adverse effects on reunifications rates, but two of the sites show e evidence of a substitution effect for adoption. This possibility was first suggested by the Illinois findings. Even though there was still a 6.6% permanency advantage a decade after the start of the demonstration,

comparing the adoption proportions suggests that perhaps two-thirds of the completed guardianships in the intervention group might have eventually converted into adoptions if the subsidized guardianship option were not available.

The interim findings from the Wisconsin and Tennessee demonstrations show that the adoption trade-off has so far not been replicated in Milwaukee but there are indications of such a substitution effect in Tennessee. After one year, it appears that as many as one-third of the children discharged to subsidized guardianship might eventually be adopted in the absence of the waiver. The difference between Wisconsin and Tennessee seems to have arisen from Milwaukee's decision not to offer the guardianship option to families who were already on the track to adoption. Whether full information should be withheld from or disclosed to families is a question that is being hotly debated in the child welfare field (Testa, 2005).

Lasting or Binding

Opinions appear to divide along the lines of whether people embrace the original meaning of permanence as "lasting," which is rooted in the psychology of attachment, or accept the newer meaning of permanence as "binding," which is rooted in the legal definition of permanence as a lifelong commitment that is legally enforceable. This newer emphasis on legally binding commitments is a recent innovation in permanency planning, and its application demotes guardianship in the hierarchy of permanency goals: adoption as well as adoption has to be "ruled-out" before guardianship can be pursued as a permanency goal.

While there is consensus that permanency commitments should not be casually broken, not much is known about the extent to which the newer concept of permanence as binding confers much additional value above and beyond the original meaning of permanence as lasting. The answer to this question of trade-off ought to depend, in some measure, on whether there are meaningful differences in the qualities of permanence that are linked to a foster child's being adopted compared to his or her being taken into legal guardianship. If there are no differences in outcomes than the trade-off in deference to family preferences may be worth it. It's impossible of course to observe what might happen if a child were adopted and then compare the (counterfactual) outcomes if that same child were instead taken into private guardianship. Similar to the difficulties of obtaining valid estimates of TOT effects, simply comparing adopted children to children taken into legal guardianship will yield biased estimates of the differences between the groups because they tend to differ with respect to many other factors (e.g. age, prior residence with caregiver, and special child needs) that are also related to child welfare outcomes.

Instead one should select a matched sample of control group children that approximate the counterfactual conditions of some children remaining in foster care and others becoming adopted. The following presents the results of such an analysis for the Illinois demonstration. To match the groups, a logistic regression equation was fitted to subsidized guardianship (treated) vs. comparison cases using predictor variables hypothesized to tap into caregivers' propensity to convert into a permanent home. The selection of predictors derives from earlier work on kinship foster care that conceives of foster care, adoption, and guardianship as enduring gifts of care, commitment, and trust

that are bestowed on children (Testa, 2005). In contemporary social science parlance, a gift relationship is a form of “social capital” that affords child access to resources in social networks. Although unrequited gift relationships can endure for a short while, there is a temptation to discontinue asymmetrical relationships unless the impulse is counterbalanced by compensating feelings of affinity and duty or by an incentive structure that lessens the ratio of donor losses to recipient gains. Game theorists identify the three factors of affinity, duty, and incentive as reinforcements of gift relationships in the absence of full reciprocity by the beneficiary.

The logit model (expressed in relative odds) suggests that aunts are more likely and unrelated foster parents are much less likely to appear in the guardianship group than the comparison group. Older children and children who’ve lived longer with the caregiver are also more likely to appear. And in accordance with gift relationship theory, caregivers with a greater affinity for the child and sense of family duty are more likely to appear.

The 1-to-1 matching of cases on propensity scores balances the means of the observed covariates in the two groups so that the mean differences in predictors for the treated (i.e. guardianship) and matched control cases are statistically indistinguishable from one another. Matching in this fashion helps to restore some of the statistical equivalence that is sacrificed by comparing control cases to only experimental cases discharged to guardianship. As hoped for, the matched controls approximate the counterfactual condition in Illinois: Two thirds have been adopted, a small slice have been reunified, and the remainder have been retained in state custody with some families planning to adopt, some undecided, and others unwilling to consider adoption.

The key question is whether children discharged to permanent guardianship exhibit different rates of displacement from the home compared to their matched controls. Displacement from homes was tracked from May 1997 to December 30, 2004 using case narratives and codes inputted into a database by a research team member assigned to the post-permanency services (PPS) unit of the Illinois Department of Children and Family Services. To track displacements in the matched control group, a computer program was written and run against administrative data on payments and living arrangements among treated cases to identify payment and placement interruptions that correlated with displacements recorded by the PPS unit. This program was then run against payment and placement data for the matched control cases to identify likely displacements. A case audit was conducted on a sub-sample of likely displacements in the control group in order to validate the accuracy of the computer program's identification of likely displacements from the home.

As of December 30, 2004, a total of 32 children (10%) experienced at least one displacement from the home among the 333 children in the experimental group and supplemental sample who had been discharged to the legal guardianship of relatives and foster parents by Wave 2 of the survey. For sake of comparability with national standards, the study adheres to the definitions promulgated by the Children's Bureau. This definition excludes from counts of displacement temporary absences from the child's ongoing foster care placement or permanent home and certain temporary living situations, such as hospitalization for medical treatment, acute psychiatric episodes, and runaways. Event-history regression estimates of the relative risk of the instantaneous probability (hazard) of displacement from care following the wave 1 interview and updated with

administrative data through December 30, 2004 show virtually no difference between SG cases and the matched sample of control cases. When these same cases are compared to all adoptions in the control group, the differences that social workers and lawyers observe become apparent. Guardianships are more likely to displace but not because guardianships are less permanent. The kinds of children and caregivers that select in guardianship are more prone to displacement regardless of whether they stay in foster care or become adopted.

Conclusion

The interim findings from the Wisconsin and Tennessee subsidized guardianship waiver demonstrations replicate the key results from the original Illinois waiver demonstration: federally subsidized guardianship is a permanent and cost effective alternative to retaining children in long-term foster care. The experimental design of these three waiver demonstrations provide a solid evidence base upon which a federal guardianship program can be built. The major implications of these results for federal child welfare policy are summarized as follows:

- Federally subsidized guardianship encourages a significant proportion of committed and caring foster parents who otherwise would stay in the foster care system to assume permanent legal responsible responsibility of the children under their care.
- Discharging foster children to permanent guardianship is a cost effective alternative to retaining them in foster care because of the savings achieved from

case closing and the discontinuation of agency administrative and judicial oversight.

- Although the results indicate that positive benefits can also extend to non-relatives who have established a strong and lasting “kin-like” relationship to a child, the strongest evidence for the efficacy and effectiveness of subsidized guardianship is for caregivers who have a close, biological tie (within the third degree) to the child.
- There is no evidence that the offer of subsidized guardianship adversely impacts rates of renunciation with birth parents.
- Although the added choice of subsidized guardianship appears to encourage some caregivers under conditions of full disclosure of all permanency options to select permanent guardianship over adoption, there is no evidence of any adverse impact on the long-term stability of the living arrangement.
- There is no evidence that the availability of federally subsidized guardianship results in an increased intake of children into foster care because of relatives’ seeking a more generous level of financial support.

If federal guardianship assistance legislation were to be passed, it is strongly recommended that the legislation also provide for the establishment of a National Resource Center on Subsidized Guardianship to provide technical assistance to states in the development of administrative regulations, conforming legislation, and caseworker and foster parent training. The improved results in Wisconsin and Tennessee over the original demonstration in Illinois are in large measure due to the technical assistance and

training provided these states by experts who were familiar with the policies and implementation of subsidized guardianship programs in Illinois and other early waiver states.

After a decade of subsidized guardianship under federal waiver authority, an important milestone has been reached in Illinois: the number of children in subsidized adoptive and guardianship homes exceeds the total number of children in foster care by a magnitude of more than two and one-half to one. Although the shift from foster care to family permanence bodes well for children and families, new federal legislation should also recognize that the work of supporting and strengthening these new families doesn't necessarily end. Even though regular casework and judicial oversight are no longer required, a small proportion (10 to 15%) of homes still will need occasional support to ensure child well-being and some 5 percent will more intensive interventions to preserve family stability. In addition, success in preventing child removal and moving children into permanent homes does not mean that follow-up work with the smaller number of remaining foster children grows simpler. The residual group in state custody comprises an increasingly older population of foster youth with complex developmental, educational, and mental health needs.

Meeting the challenges of a "post-permanency world" in child welfare necessitates innovative partnerships among federal and state governments with the courts, local communities, service providers, associations and universities, which can both fulfill traditional foster care obligations and support and strengthen these newly-formed permanent homes. In addition to federal guardianship assistance, there is need for joint investments of federal, state, and charitable funds to support grandparents raising

grandchildren, home-based services for children at risk of removal, post-permanency services to adoptive parents and legal guardians caring for adolescents, and transitional assistance to current and former foster youth emerging into self-sufficient adulthood. It is also desirable that the federal government reconsider the value of innovative waiver demonstrations, such as the subsidized guardianship experiments, as the best and most valid way to generate research-based solutions to the unknown challenges posed by the newer forms of family permanence and extended foster youth transition to responsible adulthood.

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