



JIM CASEY
YOUTH OPPORTUNITIES
INITIATIVE

ISSUE BRIEF: COST AVOIDANCE

The Business Case for Investing In Youth Aging Out of Foster Care

May 2013



JIM CASEY YOUTH OPPORTUNITIES INITIATIVE

INTRODUCTION

Nationally, about 26,000 young people transition out of the foster care system each year. Often they lack the consistent, supportive adult relationships that most of us depend on well into our 20s and beyond. Without the help and support of a permanent and stable family, they are forced to address the difficult life challenges of education, employment, housing and starting a family with limited resources and guidance. Not surprisingly, many experience difficulties in their later lives and, in a number of vital areas, their “outcomes” are dramatically worse than young people who have not been in foster care.

In comparison with their peers, they are, on average, less likely to have a high school diploma, less likely to be pursuing higher education, less likely to be earning a living wage, more likely to have experienced economic hardships, more likely to have had a child outside of wedlock, and more likely to have become involved with the criminal justice system.¹

Young people who leave the child welfare care system without a permanent family enter the mental health, substance abuse, homeless services, employment services and criminal justice systems in disproportionate numbers and at great cost. By focusing on the cost we do not mean to minimize the human tragedy of wasted potential, missed opportunities, and exclusion from the opportunities and quality of life that most of us take for granted. Even among the most sympathetic audiences, however, the focus quickly turns from caring to thinking about resources – where do we expect to get the financial support necessary to underwrite health care, post secondary education costs, safe and secure housing and other expenses needed to turn bad outcomes around?

The answer lies in the age-old promise of prevention. Communities and states now absorb tremendous costs as a result of the bad outcomes associated with young people transitioning from foster care. We are spending so much that whether or not to invest in these young people should be a no-brainer. Indeed, the most costly alternative available is to do nothing or to do too little, too late.

The case for investments on behalf of youth aging out of care is a powerful one – major savings are not only achievable; they are achievable in the relatively near term. The most costly bad outcomes come as a result of events, decisions and behaviors that occur within a very few years or even days, as homelessness and dropping out of school often happens immediately before or after leaving foster care. Academic failure, unplanned pregnancies, and criminal behavior cluster in the late teens and early twenties and continue throughout the young people’s lives.

1. Courtney, M.E., Dworsky, A., Cusick, G.R., Havilcek, J., Perez, A., & Keller, T. (2007). *Midwest evaluation of the adult functioning of former foster youth: outcomes at age 21*. Chicago: Chapin Hall Center for Children at the University of Chicago.

For example:

If youth transitioning from foster care graduated at the rate of young people as a whole, every year an estimated 7,000 additional young people would leave foster care either having graduated from high school or well on the way. When they enter the job market studies show that their annual wages would be \$8,500 per year higher than if they had dropped out. As a group they would earn, in aggregate, \$59,500,000 more per year, would need less governmental support such as unemployment compensation and food stamps, and would pay increased income taxes.

If young people transitioning from foster care became parents at the average rate of the population as a whole, every year there would be over 3,000 fewer births to young parents, saving society \$5,500 for the first 15 years of each child's life. As one study² notes, substantial savings would result from delaying child bearing until at least the early 20s, largely due to improved outcomes for the children of the young parents.

If young people transitioning from foster care were involved in the criminal justice system at the average rate for the population as a whole, every year 1,950 fewer young people would be involved in the "deep end" of the criminal justice system saving \$2.5 million for each young person in incarceration, arrest, probation and other costs.

Our society, therefore, need not wait decades for the return on investment typical of early childhood programming or smoking cessation – sound investments in the success of this population promise to pay off and pay off relatively quickly.

Measurable improvements can be made in a number of youth outcomes, but funding is always scarce and it is difficult in any economic climate to make the case for increased expenditures. Gaining public and private support for efforts to assist youth who have transitioned from foster care begins with raising awareness, but requires more than just identifying the problem. A "business case" needs to be made for any large scale intervention – one that shows the size and nature of the problems, demonstrates that they can be successfully addressed, and describes the considerable cost benefits and return on investment that can be achieved if we invest in the futures of these young people.

2. Hoffman, S. D., & Maynard, R. A. (Eds.). (2008). *Kids having kids: Economic costs and social consequences of teen pregnancy* (2nd ed.). Washington, DC: Urban Institute Press.



METHODOLOGY

In 2009, with support from the Jim Casey Youth Opportunities Initiative, Cutler Consulting LLC issued a report intended to bolster the case for greater investment in the fortunes of young people transitioning from foster care. The paper identified some of the costs of bad outcomes and estimated the potential savings that could be achieved if young people who had been in foster care were doing as well as others their age. In doing so the paper demonstrated that the stakes, and the potential economic benefits, of improved outcomes were enormous. Its conclusion – that bad outcomes associated with each year’s cohort of older young people leaving foster care could be conservatively estimated to result in a societal cost of billions of dollars – has been widely quoted.

Since 2009 other efforts have focused on the cost of bad outcomes for young people. The most comprehensive of these, *The Economic Value of Opportunity Youth*, introduced the term “opportunity youth” defined as those “youth who are not engaged in either school or in work at any meaningful level.” While not all opportunity youth have a history of placement in foster care, and not all young people currently or formerly in foster care are opportunity youth, they share many characteristics and unfortunate outcomes, as well as comparable costs.³ Further, since 2009 the landscape has changed as a number of states have moved towards expanding foster care from age 18 to 21 and used long term cost projections and a cost avoidance rationale to bolster their case.^{4 5}

This Brief builds on and updates the 2009 Cutler report. Today we have more and better data, improved studies and new methodologies available to us. The Brief’s primary intent is to support advocates in making the case for greater or more targeted investments and to help those interested in developing similar analyses at state and local levels.

As before, the Brief looks at three important areas: education, family formation and criminal justice. In each area – by looking at high school completion rates, too-early pregnancy rates and involvement with the criminal justice system – we see the depth of the difficulties and ask:

What would the financial implications be of an improvement in a number of important, and potentially expensive, bad outcomes? What if we could increase the graduation rate for young people transitioning from foster care and move the needle to national averages? Or change the unplanned pregnancy rate or the rate at which youth become engaged in the criminal justice system?

In each area outcome data for the target population is compared with the national average. Known and respected estimates of the costs associated with academic failure, too-early pregnancy and involvement in the criminal justice system are then applied. We resist the temptation to drive up the numbers by posing the question as “what if 100% of target young people graduate on time?” and ask the more modest question “what if graduation rates for youth aging out were at the national average?”

The result is a conservative estimate – **at every point in these calculations where a choice had to be made, we chose the lesser cost option, the bottom of the range, the conservative assumption and the simplest way to calculate.** We took the conservative stance throughout because we wanted the conclusion to be unassailable, wanted to avoid double counting and wanted to avoid coming up with numbers that were so large as to defy belief.

3. Belfield C., Levin H., Rosen R. (2012). *The Economic Value of Opportunity Youth*. Washington DC: Corporation for National and Community Service.

4. Juvenile Law Center and Pennsylvania Partnerships for Children, *Governor Corbett’s Fostering Connections Can Benefit Pennsylvania’s Youth and Taxpayers*. Press release dated February 14, 2012.

5. Gaughen K. & Langford B.H. (2010) *Fiscal Analysis of Extending Foster Care to 21 in Tennessee*. The Finance Project.



THE COST OF BAD OUTCOMES

Some young people leave foster care, demonstrate extraordinary resiliency and successfully navigate the path from youth to adulthood. Often they are assisted by family and/or other caring adults who provide consistent support. The data indicate, however, that many young people who transition from foster care without the needed network of support experience very poor outcomes at a much higher rate than their peers in the general population:

- » More than one in five will become homeless after age 18⁶
- » Only 58 percent will graduate high school by age 19 (compared to 87 percent of all 19 year olds)⁷
- » 71 percent of young women are pregnant by 21, facing higher rates of unemployment, criminal conviction, public assistance, and involvement in the child welfare system⁸
- » At the age of 24, only half are employed⁹
- » Fewer than 3 percent will earn a college degree by age 25 (compared to 28 percent of all 25 year olds)¹⁰
- » One in four will be involved in the justice system within two years of leaving the foster care system¹¹

These differences in outcomes result in welfare and Medicaid costs, the cost of incarceration, lost wages and other significant costs to individuals and to society. We estimate that the outcome differences between young people transitioning from foster care and the general population cost nearly \$8 billion for each annual cohort of youth leaving care. By comparison, Chafee funds, the only dedicated federal funding stream for young people transitioning from foster care, are funded at \$140 million per year.

EDUCATION

A critical milestone in the transition from adolescence to adulthood is completion of at least a basic level of education, most often defined as graduation from high school or, failing that, earning a GED. Young people transitioning from foster care, as a group, are less successful in this area than their peers. In fact, The White House Task Force on Disadvantaged Youth acknowledged the problem in a report recommending, among other things, that public resources be targeted specifically at youth in, and aging out of, foster care. The report noted that:

“About 70 percent of [foster youth] are school age, and their school work often suffers for a whole range of reasons [...] They score lower on standardized tests, have higher absentee and tardy rates, are more likely to drop out of school, and are three times more likely to be referred for special education and related services.”¹²

As would be expected, these academic difficulties carry on through life. Education beyond high school is also far less likely among young people transitioning from foster care. The Midwest Study found that only 30 percent of the young adults with a history in foster care had completed any college (by age 21) compared with 53 percent of the young adults in the comparison group.

Another recent report found that “foster youth enroll in college at a significantly lower rate than their peers; between 10 percent and 30 percent of former foster youth enroll in college, while 60 percent of other youth attend

6. Casey Family Programs. (1998). *Northwest foster care alumni study*. Seattle, WA.

7. Courtney, M.E., and Dworsky, A. (2005). *Midwest evaluation of the adult functioning of former foster youth: Outcomes at age 19*. Chicago, IL: Chapin Hall Center for Children.

8. Pecora, P.J., Kessler, R.C., Williams, J., O'Brien, K., Downs, A.C., English, D., White, J., Hiripi, E., White, C.R., Wiggins, T., and Holmes, K. (2005). *Improving family foster care: Findings from the Northwest foster care alumni study*. Seattle, WA: Casey Family Programs.

9. Pecora, P.J., et al.

10. Pecora, P.J., et al.

11. Courtney, M.E., et al. (2005).

12. Children's Aid Society. *Youth Aging Out of Foster Care Face Poverty, Homelessness and the Criminal Justice System*. Retrieved July 2012 from <http://www.childrensaidsociety.org/about/whatwethink/agingoutoffostercare>.



college. Very little research on postsecondary education completion rates for foster youth exists, but available data suggests that few among those who enroll in higher education institutions complete a degree.”¹³

Recent figures place the number of young people leaving the foster care system nationally at just over 26,000 per year.¹⁴ The Midwest evaluation found that only 58 percent of these youth graduated high school by age 19, while 87 percent of all 19-year-olds had graduated.¹⁵ The most obvious cost associated with failure to complete high school can be found in the lost wages to the individuals themselves and the loss of tax revenues to the state and federal governments. (These, of course, are not the only costs associated with failure to complete high school. High school dropouts also have higher costs when looking at criminal justice, unemployment, homelessness and unwanted pregnancies.)

Approximately 15,080 (58 percent) of the 26,000 young people leaving foster care each year will graduate high school by age 19. If instead this cohort of young people were to graduate at the national average, or 87 percent, then 22,262 would graduate. Completing high school at the same rate as the national average would therefore result in 7,182 more graduates. In 2006, the median annual income of women without a high school diploma was \$13,255, while men without a diploma earned \$22,151. The median earnings of women and men with a diploma were, respectively, \$20,650 and \$31,715. The earnings of women who drop out are thus only about 65 percent of those of female high school graduates — an annual difference of \$7,395. The earnings of men who drop out are less than 70 percent of those of men with diplomas — an annual difference of \$9,564.

In a frequently referenced study, the Alliance for Excellent Education found that a single 18-year-old who fails to complete high school earns \$260,000 less over a lifetime and contributes \$60,000 less in federal and state income taxes.¹⁶ Using these figures we estimate that if the youth transitioning from foster care graduated at the same rate as young people as a whole, the 7,182 additional graduates would earn \$1,867,320,000 more over their working lifetimes and pay \$430,000,000 in additional taxes. The total positive impact would be well in excess of **two billion dollars** for each annual cohort of youth.¹⁷

Completing high school would have a tremendous economic impact for the young people aging out of care each year. A rough estimate, given the above, is that each young person would earn about \$8,500 more per year with a diploma. That improvement would be felt immediately – a comprehensive study of the relationship between education and earnings showed that income disparities started at the entrance to the job market and continued and expanded throughout a working life.¹⁸ For an annual cohort of youth transitioning from foster care, the impact of graduating at the average rate would be \$61,047,000 in additional wages in the first year.

Raising the graduation rate of one year’s cohort of youth aging out of foster care to the national average would result in increased earnings and tax revenues totaling over \$2 billion and an estimated impact in excess of \$61,000,000 in the first year alone.

TOO EARLY PREGNANCY

Unplanned pregnancies often present major obstacles for youth trying to establish themselves. Becoming a parent too soon may interrupt education, which, as we have seen, negatively impacts employment and earning power. The likelihood of a young, single woman with a child or children living at or below the poverty line is far greater than for young women who have delayed pregnancy.

13. Merdinger J.M., Hines A.M., Osterling, K.L., and Wyatt P. (2005) *Pathways to college for former foster youth: Understanding factors that contribute to educational success*. *Child Welfare* 867-896.

14. U.S. Department of Health & Human Services. (2012). *The AFCARS Report: Preliminary FY 2011 estimates as of July 2012 (#19)*.

15. Courtney M.E., et al. (2005)

16. Alliance for Excellent Education. (2006, March 1). *High school dropouts cost the U.S. billions in lost wages and taxes, according to Alliance for Excellent Education* [Press release]. Washington.

17. Webster B. Jr. and Bishaw A.. (2007) *Income, Earnings, and Poverty Data from the 2006 American Community Survey*. Washington: American Community Survey Reports, U.S. Census Bureau.

18. Newburger E. and Day J.C.. (2002) *The Great Equalizer: Does Education Pay Off for Members of Minority Groups?* Washington DC: U.S. Census Bureau.



The National Campaign to Prevent Teen and Unplanned Pregnancy reports that in 2008, the U.S. pregnancy rate for teens was 68 pregnancies per 1,000 teen girls age 15-19.¹⁹ Despite improvements over the past twenty years, the United States still has the highest teen pregnancy and birth rates in the industrialized world.²⁰

As high as the rate of unintended pregnancies is among American teenagers in general, it is far higher among the subset of young people who transition from foster care. A staggering **seventy-one percent** of the young women in the Midwest Study reported having been **pregnant by age 21**. The data shows not only more pregnancies, but greater numbers of pregnancies to younger women. The Midwest Study reports that 33 percent of females in foster care had been pregnant by age 17 or 18, compared with just 14 percent of their peers in the general population.

Further, “Repeat pregnancies were more the rule than the exception. Among those who had ever been pregnant, **62 percent had been pregnant more than once**. By comparison, only one-third of the National Study on Adolescent Health females (the comparison group) had ever been pregnant and a majority of those who had been pregnant reported they had been pregnant only once.”²¹

Teen pregnancy, of course, is not just about mothers. Fully half of the young men in the Midwest Study reported that they had gotten a female pregnant compared with 19 percent of their counterparts.

We have already documented the costs of failing to graduate from high school, and unplanned pregnancies are a major contributor to education not being completed or continued. As the National Women’s Law Center reports “Pregnancy and parenting responsibilities have a significant impact on girls’ ability to stay in school. In fact, girls report leaving school, during as well as following their pregnancies, at alarming rates.”²²

It works both ways. Not only does unplanned pregnancy impact graduation rates, but one study noted that dropping out of high school increases the risk of school-age pregnancy for some groups of girls.²³ The study demonstrated that 40 percent of the female dropouts surveyed — about 48 percent of the Hispanic female dropouts, 34 percent of the White female dropouts, and 33 percent of the Black female dropouts — **gave birth before age 20**.

The considerable losses due to non-completion of high school are only the beginning of the story. Like failing to graduate, unplanned and too-early pregnancies have cost impacts which start immediately and have life long impact for both the parents and their children.

As the National Campaign to Prevent Teen and Unplanned Pregnancy has noted, much of the cost of teen childbearing is associated with negative consequences for the **children** of teen mothers.²⁴ “Kids Having Kids” uses a calculation of \$5,500 per child, for the first 15 years of life as an estimate of the societal costs of unplanned, too-early childbearing. Using these calculations we estimate the 3,029 birth difference between the young people transitioning from care and the general population results in societal costs of \$249,892,500.

As large as \$250 million may seem to some, this is an extremely conservative estimate:

- » It looks only at the costs of a first child, although the Midwest Study notes an alarming rate of repeat pregnancies – 62 percent of those who had ever been pregnant were pregnant more than once in a study of 21-year-olds.
- » The cost estimates represent the costs associated with the children, not the mothers. Loss of earnings, incomplete schooling, etc. can be associated with too-early, unplanned pregnancy and we have already noted those costs in the education/employment section.
- » We did not attempt to quantify the costs to young fathers.

19. Kost, K., & Henshaw, S. (2012). *U.S. Teenage Pregnancies, Births and Abortions, 2008: National Trends by Age, Race and Ethnicity*. Retrieved February 2012, from <http://www.guttmacher.org/pubs/ustptrends08.pdf>. Also, National Campaign to Prevent Teen and Unplanned Pregnancy. *National Pregnancy Rates for Teens*. Retrieved February 2012 from <http://www.thenationalcampaign.org/national-data/NPR-teens-15-19.aspx>

20. Hoffman S.D., Ph.D. (2006) *By the Numbers - The Public Costs of Teen Childbearing*. Washington DC: The National Campaign to Prevent Teen Pregnancy.

21. Courtney, M.E., et al. (2007)

22. National Women’s Law Project. (2007). *When Girls Don’t Graduate We All Fail*.

23. Manlove J.. (1998). *The Influence of High School Dropout and School Disengagement on the Risk of School-Age Pregnancy*. *Journal of Research on Adolescence* 8:187-220.

24. Hoffman S.D., Ph.D. (2006).



As an alternative means of estimation it is useful to review the National Campaign to Prevent Teen and Unplanned Pregnancies at www.thenationalcampaign.org. A calculator has been developed there to conduct a simple estimate of the costs of teen childbearing by state or community.

Reducing the teen pregnancy rate among young people transitioning from foster care to the national average would result in savings of nearly \$250 million for each cohort year.

CRIMINAL JUSTICE INVOLVEMENT

Young adults in the Midwest Study reported a high level of involvement with the criminal justice system. By age 21, 31 percent reported being arrested, 15 percent reported being convicted of a crime, and 30 percent reported being incarcerated. The level of criminal justice involvement was a great deal higher for males.²⁵

As might be expected, the bad outcomes experienced by youth aging out are overlapping. In the previous section we discussed the co-occurrence of teen pregnancy and failing to graduate from high school. There are links as well between failure in school and involvement with the criminal justice system.

Male high school dropouts are especially at-risk of very bad outcomes, with a large percentage incarcerated at some point before they are 25. Approximately 16 percent of all young men, ages 18-24, without a high school degree or GED are either incarcerated or on parole at any one point in time; among African American males the proportion is 30 percent. Brown, in his study of youth in the 1979 Longitudinal Survey of Youth, found that 33 percent of all males who failed to complete high school experienced incarceration at some point before reaching age 25. Over half of all African-American male dropouts born in the years 1965-69 experienced imprisonment. 86 percent of young men in prison failed to finish high school.²⁶

Estimating the cost of involvement in the criminal justice system is more difficult than in education or even unplanned pregnancy. In estimating the cost of criminal behavior it is hard to know when to stop. One can look to police costs, court costs, costs of incarceration and/or probation and parole, insurance costs to guard against property crimes, lost wages due to the difficulty in gaining and keeping well-paid jobs for ex-offenders, the several types of costs assignable to victims, and other aspects.

The Cutler Consulting report relied heavily on ***New Evidence on the Monetary Value of Saving a High Risk Youth***,²⁷ in which Cohen and his colleagues found that 4 to 5 percent of the population represented 51 percent of police contacts – these are the “career criminals” who generate the greatest costs. Based on data in the Midwest Study showing that males in the foster care group were 4 times as likely to have been arrested as the general population, Cutler estimated that approximately 2,600 young people in each year’s cohort would have “serious and prolonged involvement in the criminal justice system.”²⁸ This would represent \$1,950 more youth with deep criminal justice system involvement than seen in the general population.

Cohen estimates \$2,685,409 to \$4,795,270 as the cost of a “criminal career” measured from age 14.²⁹ (This excludes the costs associated with drug abuse and failure to graduate.) Even using the lowest estimate of \$2,685,409, times the 1,950 difference between foster and comparison groups yields a cost of \$5,236,000,000.

25. Courtney, M.E. (2007)

26. Wald M. & Martinez T. (2003) *Connected by 25: Improving the Life Chances of the Country's Most Vulnerable 14-24 Year Olds*. William and Flora Hewlett Foundation Working Paper. Stanford University.

27. Cohen M. & Piquero A. (2007) *New Evidence on the Monetary Value of Saving a High Risk Youth*. Springer Science+Business Media, LLC.

28. Cutler Consulting LLC. (2009) *Cost Avoidance – Bolstering the Economic Case for Investing In Youth Aging Out of Foster Care*. Jim Casey Youth Opportunities Initiative.

29. Cohen & Piquero. (2007).



If young people transitioning from foster care in a single year were involved in the criminal justice system at the much lower rate of the general population, it would produce savings in excess of \$5 billion over their lifetimes.

SUMMARY OF ESTIMATED COSTS

One cohort year graduating at the rate of the general population would increase earnings over a working life	\$1,867,000,000
and increase taxes paid by	\$430,000,000
One cohort year unplanned, too early childbearing	\$250,000,000
One cohort year criminal justice costs for a criminal career.	\$5,236,000,000

Total for academic failure, unplanned pregnancy and criminal involvement for each cohort year: \$7, 783,000,000

In the past decade over 300,000 youth have left foster care without the supports needed to successfully transition from adolescence to adulthood. Using the methodologies in this brief, we estimate the cost of their less than average outcomes in academic achievement, too early pregnancy and involvement in the criminal justice system at \$226 billion or just under a quarter of a trillion dollars.



CONCLUSION

These days a good investment is hard to find. With financial markets in turmoil, it is hard to get sound information and harder still to assess the risks and rewards of a wide range of superficially attractive opportunities. This Brief is intended to help advocates, policy makers and others by calling attention to what may be the investment opportunity of a lifetime, one that carries little risk and promises great rewards.

In the social policy world, services for young people transitioning from foster care compete with other worthy causes in the market of ideas and strategies. In recent years a great deal of emphasis has been placed on the very young, fueled by brain research and the logical case for early intervention and prevention. We talk of a “pay now or pay much more later” dynamic in the financing of social services – enormous sums are spent to address the consequences of failing to effectively support vulnerable youth, particularly at critical times in their lives.

The social services world is just beginning to look hard at concepts like “return on investment.” We are finding that, indeed, some of the policies and actions we support are not only right and humane, but are also sound investments. In that vein, this Brief looks at the enormous cost savings that can be achieved by improving outcomes for young people transitioning from foster care. Careful investments in the future of these young people can result in a better educated workforce, a reduction in unwanted pregnancies and a reduction in criminal behavior – and each of these would result in avoiding enormous social and financial costs.

Understanding the risks, costs and benefits associated with various populations and outcomes is an important aspect of policy making. As our society invests its resources and allocates its efforts, we frequently look to questions of cost avoidance and return on investment. Many advocate for preventive health care measures, for example, citing both strong evidence of effectiveness for vaccinations and the relatively inexpensive cost of preventive care when compared to the costs of major diseases.

Clearly, the stakes are enormous. Even modest gains that move this population a little closer towards national norms would have substantial financial impact. A conservative estimate of nearly \$8 billion per cohort year as the “cost of bad outcomes” makes the point that tremendous return on investment can be achieved by providing effective services and supports and creating permanent relationships with responsible and caring adults. Further, the population of young people transitioning from foster care is manageable – small enough that we can get our arms around it, yet large enough to have significant impact. The tools exist to make improvements in the outcomes for aging out youth; all that is needed is the political will and leadership required to make the necessary investments.



RECOMMENDATIONS

How then can states and communities work to improve outcomes for youth aging out of care?

- » Bring together community leaders, service providers and other stakeholders, including youth themselves and commit to changing the outcome numbers. In the Jim Casey Initiative this body is called a Community Partnership Board. By any name it must include key decision makers from multiple sectors of the community and young people, united in common cause.
- » Assure that your efforts are fully informed by the experience and views of youth. The Jim Casey Initiative has found the creation of Youth Boards, working in conjunction with Community Partnership Boards, to be an effective way to give youth voice and foster youth-adult partnerships. These Boards set bold but achievable goals for improving services for this population.
- » Raise community awareness of the challenges facing this population. Use data to help the community understand the challenges that young people transitioning from foster care face. Use the cost analysis tool (see below) to make the case for needed resources.
- » Work with community partners to assure that young people transitioning from foster care are afforded the wide range of opportunities commonplace for most youth. Opportunities for employment, higher education, creative expression, sports, and travel help to support aspirations, build confidence and widen the horizons for all young people.

What are promising policies and practices for improving outcomes for older youth in foster care?

- » With the passage of the Fostering Connections Act states can extend care for young people aged 18-21. A 2009 report³⁰ projecting the costs and benefits of an extension for California notes: “data from the Midwest Study indicate that college attendance among former foster youth is considerably higher in Illinois, where young people have the option to remain in care until the age of 21, than in Iowa and Wisconsin, where young people are routinely discharged from care on or close to their 18th birthday. Specifically, at age 21, young people who had aged out of foster care in Illinois were 2.25 times more likely than their counterparts from Iowa or Wisconsin to have completed at least one year of college.” The same report noted a relationship between remaining in care and delayed pregnancy.
- » The quality of a young person’s experience in foster care will have an impact on their lives after care. Young people can be expected to do better in states where child welfare systems:
 - Work effectively to prevent out of home placements or to shorten their length.
 - Implement effective and developmentally appropriate approaches to achieving permanence for older youth.
 - Support young people to lead their own case and transition planning, beginning at age 14 or sooner.
 - Meaningfully engage young people in their court proceeding or administrative meetings.
 - Assure that judicial oversight includes an assessment of whether the services provided to young people are meeting their needs.

Most importantly, remember that no set of professionally delivered services, no matter how well planned and competently carried out, will have as great a positive impact as the continuing presence of caring adults. Every reasonable effort should be made to support young people in the context of their families and to foster permanent and stable relationships. Focus policies and services on removing barriers to these relationships and to assuring that youth and young adults enjoy permanent connections.

30. Courtney, M. E., Dworsky, A., & Peters, C. M. (2009). *California's Fostering Connections to Success Act and the Costs and Benefits of Extending Foster Care to 21*. Seattle, WA: Partners for Our Children.

DO-IT-YOURSELF COST AVOIDANCE WORKSHEET

Projections of costs at a national level, such as included here, may be useful in calling attention to this population and helping to explain the scale of the problems and the cost of failure and/or inaction. Even more powerful, however, would be localized data that brings the estimates home to a community or state. (A caution: For some communities the numbers may be too small and volatile, and contain misleading spikes.)

Local or state costs can be crudely estimated by building on the methodology used in this report.

Method #1:

Calculate:

- » The number of youth aging out of care each year, based on an average of several years.
- » Multiply that number by \$300,000. The resulting figure will be a rough estimate of the costs of poor outcomes in educational attainment, too early pregnancy and involvement with the criminal justice system, using the methodology in this report.
- » Example: a community with an average of 100 young people transitioning from foster care could estimate social costs of \$3,000,000 for each cohort year.
- » Example: a state with an average of 1,000 young people transitioning from foster care could estimate social costs of \$30,000,000 for each cohort year

Method #2:

Method #2 is far more difficult. To the extent accurate data is available, communities and states can make more precise local estimates of social costs by:

- » Determine graduation rates for youth; teen pregnancies rates; and incarceration rates for both young people transitioning from foster care and the general population in your state or community.
- » If dependable local data are unavailable for all three areas, calculations and estimates can still be made using the figures in this report.
- » To replicate the estimates in this report use the following calculations:

EDUCATION

1. Identify the graduation rates for young people transitioning from foster care for your state or community _____
2. Identify comparable national or state graduation rates (differentiate by age – 18, 19, 21, etc.) _____
3. Calculate the number of additional graduates there would be if young people transitioning out of foster care graduated at the average rates of young people as a whole _____.
4. Multiply the number of additional graduates #3 above times \$260,000 (lost wages) + \$60,000 (lost taxes) _____
5. The result is an estimate of the economic impact of a lower-than-average graduation rate among an annual cohort of young people transitioning from foster care _____

TOO EARLY PREGNANCIES

Calculating the costs of too-early and unplanned pregnancies is particularly difficult. Educational outcomes and subsequent employment issues overlap strongly with having and caring for a child, and in our reports we wanted to avoid double-counting the impact of those outcomes. As a result we chose to focus on the costs associated *with the child* rather than the mother, using cost estimates from national studies.³¹

Identify the rate of childbearing by young women who are or have transitioned from foster care _____ (this may involve estimates of the number of live births as related to teen pregnancies)

Identify child-bearing rates for the general population at comparable ages _____

Estimate the number of fewer births which would have occurred had young people transitioning from care had children at rates comparable to local, state or national averages _____

Multiply the number of reduced births times \$5,500 (estimated cost per year per child) times 15 years. Or, more simply, \$82,500 per child _____

CRIMINAL JUSTICE INVOLVEMENT

The criminal justice estimate is the most difficult of all. Absent survey data³² it is unlikely that one can precisely identify the numbers of young persons who are arrested, incarcerated, and whose outcomes generate the greatest costs. We used a logical if inexact method of identifying criminal justice involvement based on numbers of arrests and convictions, but it is unlikely such data will be available in other localities without a process similar to the Midwest Evaluation.

It may be that states and localities would be best off identifying the costs of incarceration in their jurisdictions, as well as other expensive public costs – local jails, probation and parole departments, law enforcement – and show how even the involvement of a small percentage of the young people transitioning from care will produce huge public and individual costs.

The simplest way to replicate our findings would be to create local estimates, based on national studies. The Midwest Evaluation noted that 31 percent of young people transitioning from foster care reported having been arrested by age 21, 15 percent reported having been convicted of a crime and 30 percent reported being incarcerated.

Based on these data and on national estimates of the cost of deep involvement in the criminal justice system we estimated that 20 percent of the male population (10 percent of the whole population) of young people transitioning from foster care would have prolonged criminal justice system involvement, at a lifetime cost of \$2,685,000 each.

Example, using this methodology:

In a community with 100 young people transitioning per year

- » Estimated 50 percent or 50 are male
- » 20 percent or 10 of the males have extensive justice system involvement
- » For the general population 5 percent or 2.5 males have extensive justice system involvement
- » If outcomes for young people transitioning from foster care were equivalent to the general population 7.5 fewer would have extensive justice system involvement
- » 7.5 young men X \$2,685,000 = lifetime costs of \$20,137,500 – the social cost for greater than average justice system involvement per cohort year

31. Cutler Consulting LLC. (2009)

32. The ability of states and communities to track outcomes and estimate costs will improve as data from the National Youth in Transition Database becomes more available.

About the Jim Casey Youth Opportunities Initiative

The mission of the Jim Casey Youth Opportunities Initiative is to ensure that young people – primarily those between ages 14 and 25 – make successful transitions from foster care to adulthood. We do this by working nationally, in states, and locally to improve policies and practices, promote youth engagement, apply evaluation and research, and create community partnerships. Our work creates opportunities for young people to achieve positive outcomes in permanence, education, employment, housing, health, financial capability, and social capital.



Jim Casey Youth Opportunities Initiative
222 South Central Ave., Suite 305
St. Louis, MO 63105
314-863-7000

www.jimcaseyyouth.org