

# PROMOTING ADOPTION AND OTHER PERMANENT PLACEMENTS

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## HEARING BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES OF THE COMMITTEE ON WAYS AND MEANS HOUSE OF REPRESENTATIVES ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

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JULY 20, 1999  
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**PROMOTING ADOPTION AND OTHER  
PERMANENT PLACEMENTS**

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**TUESDAY, JULY 20, 1999**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON WAYS AND MEANS,  
SUBCOMMITTEE ON HUMAN RESOURCES,  
*Washington, DC.*

The Subcommittee met, pursuant to call, at 10:10 a.m., in room B-318 Rayburn House Office Building, Hon. Nancy L. Johnson (Chairman of the Subcommittee) presiding.

[The advisory announcing the hearing follows:]

# ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

## SUBCOMMITTEE ON HUMAN RESOURCES

FOR IMMEDIATE RELEASE

CONTACT: (202) 225-1025

July 13, 1999

No. HR-9

### **Johnson Announces Hearing on Promoting Adoption and Other Permanent Placements**

Congresswoman Nancy L. Johnson (R-CT), Chairman, Subcommittee on Human Resources of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing on adoption and other permanent placements. The hearing will take place on Tuesday, July 20, 1999, in room B-318 Rayburn House Office Building, beginning at 10:00 a.m.

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. Witnesses will include Members of Congress, an adoption specialist from the Congressional Research Service, children's advocates, and program administrators. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

#### **BACKGROUND:**

In 1997, Congress passed major adoption reform legislation, the Adoption and Safe Families Act of 1997 (P.L. 105-89). Among other innovations, the 1997 law provided States with more flexibility to decide the particular circumstances under which reasonable efforts to reunify families could be terminated, required States to file a petition to terminate parental rights after the child had been in State custody for 15 months (with certain exceptions), and provided cash incentive payments for increasing the number of adoptions of children in foster care. The Subcommittee has been conducting regular oversight hearings of adoption and associated issues to track several issues including whether the new Federal requirements are being aggressively implemented by States and whether adoption rates are climbing. Several Members of the House and Senate have introduced legislation to encourage adoption.

In announcing the hearing, Chairman Johnson stated: "There is universal agreement that adoption is the preferred living arrangement for children who cannot live with their biological parents, but, many experts and administrators in the field of child protection are telling us that some children need living arrangements other than adoption or family-based foster care. We are looking forward to hearing both sides of this debate and to examine the strengths and weaknesses of these alternative living arrangements."

#### **FOCUS OF THE HEARING:**

One focus of the hearing is to provide Members with an opportunity to explain their proposed legislation and to provide an opportunity to determine what action might be appropriate on the various bills. A second issue the Subcommittee intends to explore is what long-term living arrangements States are now making for children who are not in family-based foster care and for whom adoption is not planned. We are especially interested in hearing about group homes and residential education arrangements. The goal of this part of the hearing will be to learn about how these institutions operate, the types of children who are in residence, how long children stay, and whether there is information about their safety, permanency, and well-being.

#### **DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:**

Any person or organization wishing to submit a written statement for the printed record of the hearing should submit six (6) single-spaced copies of their statement,

along with an IBM compatible 3.5-inch diskette in WordPerfect 5.1 format, with their name, address, and hearing date noted on a label, by the *close of business*, Tuesday, August 3, 1999, to A.L. Singleton, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public at the hearing, they may deliver 200 additional copies for this purpose to the Subcommittee on Human Resources office, room B-317 Rayburn House Office Building, by close of business the day before the hearing.

**FORMATTING REQUIREMENTS:**

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be submitted on an IBM compatible 3.5-inch diskette WordPerfect 5.1 format, typed in single space and may not exceed a total of 10 pages including attachments. Witnesses are advised that the Committee will rely on electronic submissions for printing the official hearing record.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. A witness appearing at a public hearing, or submitting a statement for the record of a public hearing, or submitting written comments in response to a published request for comments by the Committee, must include on his statement or submission a list of all clients, persons, or organizations on whose behalf the witness appears.

4. A supplemental sheet must accompany each statement listing the name, company, address, telephone and fax numbers where the witness or the designated representative may be reached. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press, and the public during the course of a public hearing may be submitted in other forms.

Note: All Committee advisories and news releases are available on the World Wide Web at "[HTTP://WWW.HOUSE.GOV/WAYS\\_MEANS/](http://WWW.HOUSE.GOV/WAYS_MEANS/)".

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

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Chairman JOHNSON. Good morning. We will bring the hearing to order. My colleague and ranking member, Mr. Cardin, is meeting with Mr. Brock, and so he will come as soon as that meeting concludes.

In 1997, Congress passed the Adoption and Safe Families Act, which originated in this subcommittee under the leadership of Clay Shaw. This law reflected the preference for adoption over foster care when maltreating families continued to provide an unsafe environment for their children. Members agreed that too often we pass legislation and nothing happens, or at least not in the immediate and measurable future; and I am delighted that under ASFA important changes have occurred in the immediate and measurable future. The General Accounting Office found that adoptions have increased between a whopping 52 percent and 101 percent in its study of Connecticut, Florida, Illinois, Iowa and Texas.

So often the problems faced by too many children in our society seem intractable, unsolvable, hopeless, but for children in out-of-home placement who do not have loving families, we have found not only a policy that works but a signal that big change is possible.

But some problems have solutions with legislative origins. One problem that Congress continues to face is that adoptions have increased so much and so fast that the amount of money we have in the law for incentive payments is inadequate. Those of you who follow the work of our subcommittee know that both Ben Cardin and I are committed to figuring out how to get this additional money. States have done a superb job, and they should and will get the incentive payments they earn.

Because some legislative remedies can improve the status of children in out-of-home care, I am particularly pleased to hear today the legislative proposals of our colleagues in Congress that have been designed to reform child welfare so that the lives of more of our Nation's children can be improved. I know that many of the members testifying here today have a personal involvement in adoption and are its best advocates.

I am grateful to each of you for not only taking the time to share your legislative ideas with our subcommittee, but for all your efforts over many years on behalf of vulnerable children to find adoptive homes. But despite our preference for adoption over foster care, clearly we recognize that not all children are adoptable nor do all children want to be adopted. We had some interesting testimony to that effect during the independent living hearing, and as we will hear in this testimony today, there are some indications that not all adoptions result in permanent families for children. Unfortunately, too many adoptions fall apart leaving the child still in need of a permanent placement and an adoptive family.

So while public policy should continue to pursue adoption as the preferred placement for children in need of permanent homes, there needs to be a comprehensive array of services for children for whom adoption is not an option, and far better support services for adoptive parents adopting difficult children.

Our second panel today will explore the array of services and alternative placement options available to children in need of permanent arrangements. We have asked the Congressional Research Service to survey where children and out-of-home placements are going and what is known about these placements. I am aware that these placements are not without controversy. So we have in this panel a wide range of opinion regarding the benefits of residential education, intensive residential treatment services and other options that can provide a positive, healthy alternative to foster care and, in some cases, even to adoption.

[The opening statement of Mr. Cardin follows:]

**Statement of Hon. Benjamin Cardin, a Representative in Congress from the State of Maryland**

Madame Chairman, I would like to thank you for calling this hearing on promoting adoption and examining other long-term placements for children in foster care.

When children come into the foster care system, our first goal should be to help them return to their families—unless of course reunification poses a risk to their health or well-being. If a child cannot be returned home, he or she should *not* be



expected to wait indefinitely in foster care. Concurrent planning should be undertaken to find that child a loving, adoptive home. Fortunately, we have made some positive strides toward this goal in the last couple of years. In fact, it appears adoptions of foster care children rose 40% nationwide last year compared to 1995.

On the issue of long-term, group foster care, I recognize that some children, especially those with severe psychiatric conditions, may benefit from such arrangements. However, I am concerned when long-term, institutionalized care is depicted as an alternative to a full-fledged fight against the impact of poverty on families. Furthermore, I worry about how and why certain foster children might be deemed “unadoptable” and therefore fit only for long-term foster care.

Some foster children may not return home or be adopted, and we have an obligation to help them develop the skills needed for self-sufficiency. The overwhelming House vote in favor of the Foster Care Independence Act, a bipartisan product of this Subcommittee’s hard work, hopefully suggests we are soon to meet that pressing need. However, when initial placement decisions are made, we should guard against pigeon-holing children as being suitable only for long-term foster care and not adoption.

Finally, on the issue of promoting adoption, our focus should be on those children who face the greatest barriers to adoption—namely “special needs” children, such as older kids or those with mental, physical or emotional problems. There is no shortage of prospective adoptive parents for healthy babies, with or without an expanded tax break. But there is a clear shortage of adoptive families for “special needs” children, who may demand more time and resources. An op-ed in the Boston Globe on May 6th by Jeff Katz, who is the executive director of Adoption Rhode Island, suggested that increasing the adoption tax credit from \$5,000 to \$10,000 will do little or nothing to help increase the adoption of “special needs” children. The article points out that “it costs virtually nothing to adopt a child from foster care” (there are no private agency fees). As we continue our dialog on adoption, I hope we will remember which children need the most help in finding a permanent, loving family.

Thank you, Madame Chairman. I look forward to hearing from our witnesses.

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I am pleased to open this hearing and call forward the first panel of my colleagues, Mr. Ron Lewis, and I guess, Ron, you are the only one here right now. If the others come in, we will interrupt the second panel to hear from them. It is a pleasure to have you, Congressman Lewis.

**STATEMENT OF HON. RON LEWIS, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF KENTUCKY**

Mr. LEWIS. Thank you. Thank you, Chairman Johnson, for holding this important hearing and giving me the opportunity to discuss with the Subcommittee my bill, the Fairness for Foster Care Families Act, H.R. 1194.

During a Human Resources Subcommittee hearing in April we heard some good news regarding adoption. Studies have shown that the Adoption and Safe Families Act of 1997 has helped more children move from foster care into adoption.

Our goal, as a society, has always been to move children from foster care into adoption or, when possible, to reunite them with their parents. As we work towards this goal however, many children will spend at least some time in the foster care system. According to a CRS report, over 400,000 children spent some time in foster care in 1995.

As the father of an adopted son, I support the legislative proposals of our colleague Chairman Bliley, and I would like to thank Chairman Johnson for her interest in adoption legislation. In our

ongoing efforts to promote child welfare, however, we must also remember the important role of supportive foster care families.

One concern I have is that under the current tax law, some families are discouraged from providing foster care. The reason is because tax laws regarding foster care payments are confusing and unfair.

The current policy with regard to the tax treatment of foster care payments is the result of congressional action in 1986. Under this 1986 law, foster care families can exclude from taxable income the foster care payments for the care of an individual. The exclusion, however, is dependent on a complicated analysis of three factors: the age of the foster individual, the type of agency that placed the individual, and the source of the payment. If the payments are not excludable, the foster care provider is then required to keep extensive records of every expense made on behalf of the foster individual in their care in order to qualify for lower tax payments.

As you can see by the chart in my statement, these tax rules are extremely confusing. In fact, many accountants and IRS officials have difficulty understanding the tax treatment of foster care payments.

My bill, H.R. 1194, will simplify and correct inequities in the tax treatment of foster care payments. This is accomplished by allowing all foster care providers to exclude foster care payments from taxable income, regardless of the age of the individual in foster care and type of entity that placed the individual.

By passing this legislation, Congress will also recognize the increasing role of private agencies in foster care. As you may know, many local communities and States are now contracting with non-government, private agencies to help needy individuals find safe homes. These agencies must be licensed and certified by the State and are also accountable to the State.

In closing, I would like to thank my colleagues on the Subcommittee who have cosponsored H.R. 1194. A strong bipartisan support of this common-sense, profamily legislation has helped my efforts in getting it included in the recently committee passed tax cut bill.

Again, thank you, Chairman Johnson, for giving me the opportunity to testify this morning.

[The prepared statement follows:]

**Statement of Hon. Ron Lewis, a Representative in Congress from the State of Kentucky**

Thank you Chairman Johnson for holding this important hearing and giving me the opportunity to discuss with the Subcommittee my bill—the Fairness for Foster Care Families Act—H.R. 1194.

During a Human Resources Subcommittee hearing in April, we heard some good news regarding adoption. Studies have shown that the Adoption and Safe Families Act of 1997 has helped more children move from foster care into adoption.

Our goal as a society has always been to move children from foster care into adoption or, when possible, to reunite them with their parents. As we work towards this goal, however, many children will spend at least some time in the foster care system. According to a Congressional Research Service report, 494,000 children were in foster care in 1995.

As the father of an adopted son, I support the legislative proposals of our colleague Chairman Bliley and I would like to thank Chairman Johnson for her interest in adoption legislation. In our ongoing efforts to promote child welfare, however, we must also remember the important role of supportive foster care families.

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The exclusion, however, is dependent on a complicated analysis of three factors: the age of the foster individual, the type of entity that placed the individual, and the source of the payment.

If the payments are not excludable, the foster care provider is then required to keep extensive records of every expense made on behalf of the foster individual in their care in order to qualify for lower tax payments.

As you can see by the chart below, these tax rules are extremely confusing. In fact, many accountants and IRS officials have difficulty understanding the tax treatment of foster care payments.

Placement Agency	Payor	Age of Foster Care Individual	Payment Excludable?
State or political subdivision .....	State or political subdivision .....	<19 years	Yes
State or political subdivision .....	State or political subdivision .....	≥19 years	Yes
State or political subdivision .....	501(c)(3) .....	<19 years	Yes
State or political subdivision .....	501(c)(3) .....	≥19 years	No
State or political subdivision .....	Not 501(c)(3) .....	<19 years	No
State or political subdivision .....	Not 501(c)(3) .....	≥19 years	No
Licensed 501(c)(3) .....	State or political subdivision .....	<19 years	Yes
Licensed 501(c)(3) .....	State or political subdivision .....	≥19 years	No
Licensed 501(c)(3) .....	501(c)(3) .....	<19 years	Yes
Licensed 501(c)(3) .....	501(c)(3) .....	≥19 years	No
Licensed 501(c)(3) .....	Not 501(c)(3) .....	<19 years	No
Licensed 501(c)(3) .....	Not 501(c)(3) .....	≥19 years	No
Not 501(c)(3) .....	State or Political subdivision .....	<19 years	No
Not 501(c)(3) .....	State or Political subdivision .....	≥19 years	No
Not 501(c)(3) .....	501(c)(3) .....	<19 years	No
Not 501(c)(3) .....	501(c)(3) .....	≥19 years	No
Not 501(c)(3) .....	Not 501(c)(3) .....	<19 years	No
Not 501(c)(3) .....	Not 501(c)(3) .....	≥19 years	No

My bill, H.R. 1194, will simplify and correct inequities in the tax treatment of foster care payments. This is accomplished by allowing all foster care providers to exclude foster care payments from taxable income, regardless of the age of the individual in foster care and type of entity that placed the individual.

By passing this legislation, Congress will also recognize the increasing role of private agencies in foster care. As you may know, many local communities and states are now contracting with non-government, private agencies. These agencies must be licensed and certified by the state and are also accountable to the state.

In closing, I would like to thank my colleagues on the Subcommittee who have cosponsored H.R. 1194. The strong bi-partisan support of this common-sense, pro-family legislation has helped my efforts in getting this legislation included in the recently passed tax-cut bill.

Again, thank you Chairman Johnson for giving me the opportunity to testify this morning.

Chairman JOHNSON. Well, thank you very much for taking the time to testify on this issue because, as we all know, it is going to take a long time to get a tax bill through, and little provisions are most at risk in the kind of eclectic process ahead of us; and I hope all of you who are concerned about this issue will help us by reminding those in the Senate how important this kind of little change is to the fundamental goals of providing safe and secure homes for children, and as we move to conference, that these kinds

of little reforms in our tax code are really terribly important in people's lives.

It is one of the good, nice, solid positives in the tax bill, and as we move forward, I certainly will work with you to protect it.

Mr. LEWIS. Thank you.

Chairman JOHNSON. Thanks. We will move on to the next panel then, and as I say, if members arrive, we will interrupt the panel to hear from them. So, if we could move to actually the first and only panel, Karen Spar, Heidi Goldsmith, Richard McKenzie, Joe Kroll, Nan Dale, and the Reverend John Smyth.

Karen Spar, Specialist in Social Legislation, Domestic Policy Division of the Congressional Research Service, thank you for being here today.

**STATEMENT OF KAREN SPAR, SPECIALIST IN SOCIAL LEGISLATION, DOMESTIC POLICY DIVISION, CONGRESSIONAL RESEARCH SERVICE, LIBRARY OF CONGRESS**

Ms. SPAR. Good morning, Madam Chair and Members of the Subcommittee. Thank you for inviting me to testify before you this morning. I have been asked to present an overview of the different ways in which children enter foster care, and the different kinds of settings that children are placed into.

According to our latest data, more than half a million children are in foster care under the custody of State child welfare agencies. Most of these children are there because they don't have families that can care for them safely. According to the latest available data, 60 percent of the children who entered foster care in 1994 were placed because they had been victims of abuse or neglect and another 17 percent because of the absence of their parents. Thus, about three-quarters of the children who entered care in 1994 were placed because their natural families were either unable, unwilling or unavailable to care for them, whether for a short time or permanently.

For some children, the primary reason they enter care has to do with them, the children themselves, rather than with the actions or absence of their parents. Again, looking at 1994, almost 10 percent of the children who entered foster care that year entered because of delinquent behavior, and another 5 percent because they had committed a juvenile status offense, such as running away or truancy. Another 5 percent were placed because of a disability.

We often use the term "foster care" generically to describe all situations where children are living apart from their families under the supervision of child welfare agencies, although foster care actually encompasses a range of settings and placements. In general, child welfare professionals and Federal policy favor placing children in the least restrictive, most family-like setting available that can meet the child's needs. However, because of the complex needs of some children, and also because of the shortage of foster family homes and the frequent instability of foster home placements, there has been ongoing discussion for years about the role of group facilities for foster children.

According to data for 1997, less than half the children who were in foster care on September 30 of that year actually lived in the home of a family to whom they were not related, although that is

the arrangement people think of most commonly as foster care. Even within this category, there is variety. For example, some children are in therapeutic or treatment foster care, which resembles traditional foster care except that the foster parents may have additional skills or training and function as part of a broader team, such as a health care or mental health care team that provides and arranges services for the child.

Another 32 percent of foster children in 1997 lived with relatives, in a form of foster care known as "kinship care." It is important to understand that, while the data indicate that almost a third of the children we refer to as foster children live with relatives, not all children who live with relatives are foster children. In 1997, about 1.3 million children lived away from their parents in households maintained by their grandparents, but only a fraction of these children had been formally placed with their grandparents and were under the supervision of the child welfare system.

Finally, a certain number of children in foster care are placed in group or institutional settings. In 1997, 9 percent of foster children were living in group homes and another 7 percent were in institutions.

Whether children are placed in foster family homes or in some type of group setting generally is a function of the child's needs. For example, adolescents and older children who have experienced multiple foster care placements may be uncomfortable in close family settings and prefer a group home with other children their age. Children with emotional, behavioral, physical or medical needs may be more likely to be placed in a group home or, potentially, an institution, depending on the severity of their needs. However, it also happens that some children are placed in group care, at least on a short-term basis, because of the shortage of foster family homes.

As with kinship care, group homes and residential facilities are used by child welfare agencies as a placement for foster children; again, however, not all children living in group homes or residential facilities are foster children. For example, the Justice Department reports that 106,000 juveniles who had been charged with some kind of offense were living in public or private facilities in October of 1997. It is possible that some of the children included in the Justice Department count may also be included in the HHS count of the total number of children in foster care.

As other witnesses will testify, there are a variety of kinds of public and private residential programs. We have no comprehensive information or data on the specific types of group facilities that serve foster children, or the larger population of all children who are living in residential facilities away from their families. Although research is sketchy, it appears that the number of group facilities for children and youth has increased in the last 20 or 30 years, while the facilities themselves are smaller and more specialized than institutions of the past. Some of the children in these facilities are placed through the child welfare system, but others are placed by juvenile justice or mental health care agencies, or they may be referred by their schools or placed voluntarily by their families. Children in the same facility may be supported by Federal

funds, State funds, private funds or their parents' own resources or insurance policies.

Although Federal foster care law requires children to be placed in the least restrictive setting consistent with the child's best interests and special needs, the law also envisions that children in foster care may be placed in settings other than private homes. Title IV-E of the Social Security Act allows Federal funds to be used by States to help care for children who are placed in foster family homes and in child care institutions, within certain constraints. For example, Federal funds cannot be used to support children in public facilities that serve more than 25 children or to maintain children in detention facilities.

Federal foster care law also contains provisions relating to permanency planning for children which reflect the philosophy that foster care should be temporary and as short-term as possible. Especially since enactment of the Adoption and Safe Families Act in 1997, Federal policy requires expeditious decision-making regarding whether children will be returned to their families or freed for adoption.

I have been talking about different placement settings as variations of foster care, and regardless of the type of foster care arrangement that a child is living in, permanency planning requirements apply. These include periodic case reviews, judicial reviews and the new deadline established in 1997 for filing petitions to terminate parental rights. Nonetheless, for some children who cannot return home and for whom adoption is not considered feasible or appropriate, long-term foster care is used by the States as a permanent arrangement. However, there are currently no data to indicate the types of permanent foster care arrangements that are generally used for these children.

Madam Chair, that concludes my statement. I would be happy to answer questions.

Chairman JOHNSON. OK. Thank you very much, Ms. Spar.

[The prepared statement follows:]

**Statement of Karen Spar, Specialist in Social Legislation, Domestic Social Policy Division, Congressional Research Service, Library of Congress**

Good morning, Madam Chairman and Members of the Subcommittee. Thank you for inviting me to testify this morning. I have been asked to present an overview of the different ways in which children enter foster care, and the different kinds of settings that foster children are placed into. We tend to use the terms "foster children" and "foster care" in a generic way, to encompass all children who are living away from their parents under the supervision of child welfare agencies. Typically, these terms evoke images of children who have been abused or neglected and are living in the homes of other families, while their own family may be receiving some kind of services so they can return home, or while they are waiting for a new family to adopt them. In reality, children come into custody for various reasons, usually but not always because they are victims of abuse or neglect. And, children are placed in various kinds of settings, not always the private homes of other families.

PATHWAYS INTO CUSTODY

According to our latest data, more than half a million children are in foster care under the custody of state child welfare agencies. Most of these children are there because they don't have families that can care for them safely. According to the most recent readily available data, 60% of the children who entered foster care in 1994 were placed for protective service reasons. These children had either been victims of abuse or neglect at home, or were considered at imminent risk. Another 17% of the children who entered care that year came because of the absence of their par-

ents, as a result of such conditions as illness, death, disability, or other problems. Thus, about three-quarters of the children who entered care in 1994 were placed because their natural families were either unable, unwilling, or unavailable to care for them, whether for a short time or permanently.

For some children, the primary reason they enter care has to do with them, the children themselves, rather than directly with their families. Again looking at the 1994 data, almost 10% of the children who entered foster care that year were placed because of delinquent behavior, and another 5% because they had committed a juvenile status offense, such as running away or truancy. Some of these children may have come directly to the child welfare agency; others may have been referred by the juvenile justice system. Another 5% of the children who entered care in 1994 were placed because of a disability, and some of these children may have been referred to the child welfare system through a health care or mental health care agency. Finally, for almost 1% of the children who entered care in 1994, their parents had voluntarily relinquished their rights and placed them in the custody of the child welfare system.

It is important to note that the primary reason a child enters foster care doesn't tell the complete story of that child, especially during the entire period of time that the child remains in care. Children may enter care primarily because of the actions of their parents, but the children bring with them their own unique circumstances, and a wide range of problems and needs, both related and unrelated to the specific reason for their placement in care. Being removed from home and placed in foster care—in and of itself—is traumatic for children, and the period of time they spend in care is usually filled with uncertainty and change. Thus, the child welfare system is faced with multiple challenges: first and foremost, to protect children, but also to treat the underlying problems within their families, while also meeting the complex, ongoing and constantly changing needs of the children themselves.

#### TYPES OF PLACEMENTS

As I said earlier, we often use the term “foster care” generically, to describe all situations where children are living apart from their families, although foster care actually encompasses a wide range of settings and placements for children. There is not absolute consensus within the child welfare community about what constitute the best and most appropriate placements for children. In general, child welfare professionals—and federal policy—favor placing children in the least restrictive, most family-like setting available that can meet the child's needs. However, because of the complex needs of some children, and also because of the shortage of foster family homes and the frequent instability of foster home placements, there has been ongoing discussion within the child welfare community about the role of group facilities for foster children.

According to data for 1997, less than half the children who were in foster care on September 30 of that year actually lived in the home of a family to whom they were not related. Specifically, 46% of foster children on that date lived in non-relative foster family homes, even though that is the arrangement people think of most commonly as “foster care.” Even within the category of foster family care, there is variety. For example, some children are in “therapeutic” or “treatment” foster care, which resembles traditional foster care in that an individual family opens its home to a child or children in need. But in a therapeutic or treatment home, the foster parents may have additional skills or training and function as part of a broader team, often a health care or mental health care team, that provides and arranges services for the child. Treatment foster care is sometimes an alternative to regular foster care for a child with special needs. For some children, treatment foster care is an alternative to institutional care.

Also in 1997, another 32% of children who were in foster care lived with their relatives, other than their parents. This is a form of foster care known as “kinship care,” and has been increasingly used as a placement of first resort during the past decade, especially as the number of traditional foster homes has not kept pace with the increasing number of children in need of care. It is important to understand that, while the data indicate that almost a third of the children we refer to as “foster children” live with relatives, not all children who live with relatives are foster children. In fact, in 1997, about 1.3 million children lived away from their parents in households maintained by their grandparents, but only a fraction of these children had been formally placed with their grandparents and were under the supervision of the child welfare system. Nonetheless, in some cases, the lives and circumstances of children in formal “kinship care” may be very similar to children who are living with their relatives informally, although the role of the government in the lives of these children and families differs a great deal.

Finally, a certain number of foster children are placed in group or institutional care. In 1997, 9% of foster children were living in group homes and another 7% were living in institutions. What do these terms actually mean? According to regulations issued by the Department of Health and Human Services (HHS), a “group home” is defined as a “licensed or approved home providing 24-hour care for children in a small group setting that generally has from seven to 12 children.” An “institution” is defined as “a child care facility operated by a public or private agency and providing 24-hour care and/or treatment for children who require separation from their own homes and group living experiences.” HHS cites child care institutions, residential treatment facilities, and maternity homes as examples of institutions.

As I said earlier, the primary reason that a child is removed from home and placed in care doesn’t tell that child’s whole story. Regardless of the reason they enter care, whether children are placed in foster family homes or in some type of group setting generally is a function of the child’s needs, not the circumstances of the child’s family. For example, adolescents and older children who have experienced multiple foster care placements may be uncomfortable in close family settings and prefer a group home with other children their age. Children with emotional, behavioral, physical, or medical needs may be more likely to be placed in a group home, or potentially an institution, depending on the complexity of their needs. However, it also happens that some children are placed in group care, at least on a short-term basis, because of the shortage of foster family homes. Sometimes, children are placed in emergency shelters until an appropriate family is found for them.

As with kinship care, group homes and residential facilities are used by child welfare agencies as a placement for foster children; again, however, not all children living in group homes or residential facilities are foster children. For example, the Justice Department reports that 106,000 juveniles who had been charged with some kind of offense were living in public or private facilities on October 29, 1997. A small percentage—about 6.5%—had been charged with status offenses and it is possible that some among this group may have been placed in the same facilities with foster children who had committed similar offenses. Indeed, it is possible that some of the children included in the Justice Department count may also be included in the HHS count of the total number of children in foster care. Similarly, some of the children in residential treatment facilities may be foster children, while others are not; and some of the children in residential education programs may be foster children, while others are not.

As other witnesses will testify, there are a variety of kinds of public and private residential programs, with different goals, philosophies, target populations, and services. We have no comprehensive information or data on the specific types of group facilities that serve foster children, or the larger population of all children who are living, at least temporarily, in residential facilities away from their families. Although research is sketchy, it appears that, in general, the number of group facilities for children and youth has increased in the last 20 or 30 years, while the facilities themselves are smaller, serving fewer children, and more specialized than institutions of the past. Some of the children in these programs are placed through the child welfare system, but others are placed by juvenile justice or mental health agencies, or they may be referred by their schools or placed voluntarily by their families. Children in the same facility may be supported by federal funds, state funds, private funds, or their parents’ own resources or insurance policies.

#### TITLE IV–E AND GROUP FOSTER CARE

Although federal foster care law requires children to be placed in the least restrictive setting consistent with the child’s best interest and special needs, the law clearly envisions that children in foster care may be placed in settings other than private homes. Title IV-E of the Social Security Act allows federal funds to be used by states to help care for children who are placed in licensed or approved foster family homes, and in licensed or approved child care institutions, within certain constraints. For example, federal funds cannot be used to support children in public facilities that serve more than 25 children (although there is no comparable restriction on private facilities), and federal funds cannot be used to maintain children in facilities that are operated primarily for the detention of delinquent youth. Currently, data are not readily available on the number of federally eligible foster children who are cared for in group settings, or on the federal expenditures made on behalf of those children.

Federal foster care law also contains provisions relating to permanency planning for children, which reflect the philosophy that foster care should be temporary and as short-term as possible. Especially since enactment of the Adoption and Safe Families Act in 1997, federal policy requires expeditious decision-making regarding



whether children will be returned to their families or freed for adoption. I have been talking about different placement settings as variations of foster care, and regardless of the type of foster care arrangement that a child is living in, permanency planning requirements apply. These include periodic case reviews, judicial reviews, and the new deadline established in 1997 for filing petitions to terminate parental rights. Nonetheless, for some children who cannot return home and for whom adoption is not considered feasible or appropriate, long-term foster care is used by the states as a permanent arrangement. Long-term foster care was the placement goal for 7% of the children who were in foster care on September 30, 1997. However, there are no data to indicate the type of permanent foster care arrangement these children were living in.

Madame Chairman, that concludes my statement. I'd be happy to answer any questions the Subcommittee may have.

Notes regarding data sources: Data cited in this testimony should be considered estimates. Data on the total number of children in foster care and on the living arrangements and placement goals of children in foster care on September 30, 1997, are from the Adoption and Foster Care Analysis and Reporting System (AFCARS), administered by the Department of Health and Human Services (HHS). National estimates are based on incomplete reports; not all states have submitted data of acceptable quality to HHS for inclusion in AFCARS. Data on the primary reasons for placement for children entering foster care in 1994 are from the Voluntary Cooperative Information System (VCIS), operated by the American Public Human Services Association, and also are based on incomplete reporting by the states; not all states submitted information or responded to every data element. Data on youth in juvenile justice facilities in 1997 are from the Department of Justice, Census of Juveniles in Residential Placement (CJRP).

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Chairman JOHNSON. Heidi Goldsmith, the executive director of the International Center for Residential Education.

**STATEMENT OF HEIDI GOLDSMITH, FOUNDER AND EXECUTIVE DIRECTOR, INTERNATIONAL CENTER FOR RESIDENTIAL EDUCATION**

Ms. GOLDSMITH. Madam Chair, members of the Subcommittee. My name is Heidi Goldsmith. I am the founder and executive director of the International Center for Residential Education, a non-profit organization dedicated to promoting and assisting the development of residential schools for disadvantaged children and youth. For 6 years, we have helped communities open new residential schools and formed a coalition among the existing ones. Thank you for the opportunity to be here today.

I am strongly in favor of adoption, but as the chairman says, not all young people are, realistically, adoptable; nor do all at-risk children want or need adoption. We advocate for additional long-term choices, residential education, in particular. I contend it is No. 1, an effective option which we need to expand; No. 2, it is a cost-effective option; and No. 3, legislation is needed to help expand this option for at-risk children and youth.

Residential education is an umbrella term for out-of-home settings where a person both lives and learns. It encompasses boarding schools, prep schools, orphanages, children's villages, and youth academies. These 24-hour educational, future-focused settings become students' "second homes." Students are fed, they are safe, they receive a quality education and they can take advantage of such opportunities as sports teams, community service, computer clubs, arts, leadership programs, et cetera. They learn social skills such as conflict resolution, have positive adult role models and gain

a positive sense of what their lives can be, that a more positive life lies ahead of them.

The values and lessons learned are consistent 24 hours a day, so that what they learn in the mornings in their classrooms are the same things that are reinforced in the afternoon in their dorms or cottages, and vice versa.

Despite their low income, troubled backgrounds, children in these settings—in some of our member schools, 95 percent of the graduates go on to 4-year colleges. Your leadership is needed to make this success a more widely available option.

Residential education programs were prevalent in the United States until the late 1960s. With the advent of deinstitutionalization, most were closed or transformed into residential treatment centers or juvenile delinquency facilities. Most of the surviving 30 or so programs were funded under private auspices. In the past 2 to 3 years, there has been a dramatic resurgence of interest, especially in the form of public-private partnerships, usually using the vehicle of residential charter schools.

There are now residential charter schools in three States and the District of Columbia. The Minnesota legislature last year passed legislation creating three new residential schools. Efforts are now under way in New York City, San Diego, Florida and elsewhere. As with all charter schools, the funding for the educational component comes from public education dollars which follow a child to the school. The residential component is funded by a combination of a variety of public sources, and private dollars.

They are cost-effective, and at most schools can meet a child's educational and living arrangements for the cost of about \$28,000. That is less than half the cost of a juvenile delinquency facility, where many of these children will end up without significant intervention; a third to a fifth of the cost of residential treatment centers or intensive psychiatric facilities, which tend to be short-term, intensive and focus on the youth's pathology. Unfortunately, many children from abusive living situations are inappropriately placed in these settings because of the lack of less restrictive, less expensive residential education alternatives.

While there are no empirical studies for residential education as a whole, there are thousands of anecdotes. Over and over again, students in schools I visit tell me they are the only one of their friends who is not in jail or dead. Sometimes the students vote with their feet. Schools in our coalition have "pilgrims", students who arrive at the door to the schools, kind of with the proverbial bandanna on a stick over their shoulder and say, "Please take me in."

Who are best served in these settings? Youth who don't live in safe homes, meaning homeless youth and those in abusive homes; youth who have been bouncing around in the foster care system from foster home to foster home; youth whose well-meaning parents, struggling to make ends meet, beg the residential schools to take them in, in order to keep them safe and away from the drug culture; youth whose parents won't go into residential drug treatment programs because they are afraid to place their children in the foster care system. So they continue their self-destructive habits and their habitual abuse and neglect of their children.

Parents who live in nice, safe neighborhoods and have the financial means often send their children, with pride, to residential prep schools. Children from abusive or neglectful homes rarely have that choice. Yet they need this choice the most.

I personally was inspired to make this option available for at-risk youth, having seen Israel's 65-year-old network of 70 children and youth villages. There they tell the children, "What your family cannot provide for you, your community will." We can and need to do that here.

Legislation is needed to appropriate funds to jump-start new residential schools, as was done with charter schools; to increase flexibility of the use of existing public funds; to allow waivers of certain restrictive rules and regulations; and to fund a study and evaluation of this reemerging field.

This option for kids needs to transcend partisan politics, as was done with the charter schools.

Thank you for reframing this debate on the residential education option. I urge you to consider creation of a national policy and modest funding which encourages the development and expansion of residential schools as an option in a continuum of options for America's valuable youth.

Thank you.

Chairman JOHNSON. Thank you.

[The prepared statement follows:]

**Statement of Heidi Goldsmith, Founder and Executive Director,  
International Center for Residential Education**

Madame Chairman, Members of the Subcommittee, staff, and guests, My name is Heidi Goldsmith. I am the Founder and Executive Director of the International Center for Residential Education, a non-profit organization, based in Washington, DC, dedicated to promoting and assisting the development of residential schools for disadvantaged children and youth. For six years the International Center for Residential Education has been waging an uphill struggle to increase the number of residential schools for at-risk, school-age children. It has helped communities open new schools and formed a network of existing ones, primarily in the United States. The International Center and its supporters believe the residential education option should be made available to more at-risk children and youth, as one more option, in a continuum of options, along with adoption and family preservation.

Thank you for this opportunity to be here today, to share with you what we have learned about stable, effective options for children and youth whose families cannot support them. We are all in favor of adoption. But not all young people are, realistically, adoptable.

My fellow panelists and I will discuss today a long-term alternative to adoption and foster care—"residential education." Residential education is an out-of-home setting where a person both lives and learns. The term encompasses boarding schools, 'prep' schools, orphanages, children's villages, and youth academies. In these environments, youth are provided safe, 24-hour, nurturing, long-term, education-focused settings in which to develop to their full potential. The International Center for Residential Education, and its association of residential schools, the Coalition for Residential Education, focus on residential education programs for economically disadvantaged children from zero-parent, single-parent, or abusive homes. Today we will describe these environments, profile the youth for whom they are most effective, and encourage you to consider legislative action encouraging the further development of these safe, healthy, structured, educative environments. We have seen great results in these settings, and greater promise awaits with your assistance.

Residential schools for poor children from single-parent, no-parent, or abusive homes worked well in the past for thousands of disadvantaged children and teenagers. Recently, there has been increased interest in opening new residential schools for these children, whose homes cannot support them and whose schools cannot effectively teach them.

## A BRIEF HISTORY OF RESIDENTIAL EDUCATION IN THE U.S.

Residential education programs have existed in the United States for over 350 years. Traditional “preparatory schools,” geared toward children from well-to-do families, with the primary goal being preparation for college, have flourished since the 1700’s. Large congregate care settings for economically and socially disadvantaged youth changed, for the most part in the late 1960’s, with the advent of “deinstitutionalization,” from primarily custodial “orphanages” to primarily “residential treatment,” “shelters,” or “correctional” facilities. What remains is about 30 residential programs located erratically across the country, which focus on providing a safe, nurturing, surrogate home, and a quality education. For example, Pennsylvania has 3 large programs. Maryland has none.

Despite the term ‘orphanage’ and the associated image, the vast majority of the students in the orphanages of the past were not true “orphans.” The legal definition of being an orphan was having no father. Today it often means having no mother. The “bottom line” was, and should continue to be, “Is the child’s family able to provide him or her with basic developmental needs?” Can they get the basics: Food, clothing, shelter, an appropriate education, a close and positive relationship with an adult, physical and emotional safety? The orphanages of the past were really residential schools—second homes and good schools for disadvantaged children who wouldn’t otherwise have these basics. In these ‘second homes’ they also had a much better academic, vocational, and social skills learning environment, readying them for productive lives, and more equal access to success to mainstream society. In this way, the ‘orphanages’, the residential schools for disadvantaged children, of the past, are much like the few existing residential schools today. This, and not the movie image of a 19th Century British warehouse for unwanted kids, is the reality.

The Federal Government runs the large Job Corps program, more of a “second-chance” residential education program for low-income 16–24 year olds. The federal Bureau of Indian Affairs runs a network of 49 residential schools for American Indian children. There are two state-funded residential schools for poor children whose parents are military veterans. Until 2 years ago, other residential schools for at-risk children were funded under private auspices—private philanthropists, church groups, or intensive fundraising, though some receive state funding for specific children referred by state sources. The Milton Hershey School and Girard College in Pennsylvania, and the Piney Woods School in Mississippi, the nation’s largest historically Black boarding school for low-income teens, are prime examples of these entirely privately funded schools. At Girard College in Philadelphia and at Piney Woods, despite their low-income, single parent backgrounds, 95% of the graduates go on to attend four-year colleges.<sup>1</sup>

## EQUAL ACCESS AND CHOICES

There is a perverse dichotomy today: It is considered admirable for parents who have the financial means to send their children to residential preparatory (“prep”) schools, boarding schools. Yet most child welfare professionals, and much of the general public, consider it a negative practice to send a child to a residential school if they come from an abusive or neglectful family, and/or who live in a neighborhood with high crime, poverty, high school dropout rates, high teen pregnancy rates, and few positive male role models. These children need this choice every bit as much, if not more than, the children from more privileged backgrounds. They rarely have the option, the choice, to attend a residential school.

“Residential Education” is a term imported from Israel, which has an extensive network of children and youth villages. “Residential care” or “residential treatment” had been the terms used in the US. “Education” is a normative term; education is something everyone needs. It represents a more positive view of students, and emphasizes strengths and the future. ‘Care’ or ‘treatment’ is what you give to a patient—to someone who is ill, and indicates a more problem-to-be-solved approach. In the residential education programs we are discussing today, the focus is on young people’s *future*. It is the job of everyone in the program, especially theirs, to develop and utilize the youth’s potential. In these programs, they are safe, they are fed, they get a quality education, and they can take advantage of a myriad of opportunities such as sports teams, computer clubs, arts, leadership programs, community service, mentoring, and on and on. They learn social skills such as conflict resolution, and they gain a positive sense of purpose.

<sup>1</sup> Goldsmith, Heidi, Residential Education—An Option for America’s Youth: Policy and Practice, Milton Hershey School, November 1995.

The fact that these schools allow children to stay for a longer period of time is crucial. The average length of stay in the residential schools I work with is approximately 3.5 years. Everywhere I go, whether it is a residential school in downtown Philadelphia, an American Indian residential school, a rural school, an Israeli youth village, or a residential school in Namibia or Scotland, I ask how long it takes to really see a change in a child. In each setting, I hear the same response, "About two years." Somewhere around the two year mark, and it may be 18 months for one child and 30 months for another, the student suddenly understands that he or she doesn't have to be a 'victim'. He realizes there is a choice, that he can really be a 'somebody', and that it is up to him to make that choice. A light goes on in his eyes, and his motivation for success skyrockets. It is a thrilling and rewarding thing to see!

Some students at the few existing residential schools come from low-income families who want the best for their children, but they themselves are struggling. They beg the schools to take in their children. With their children safe, studying, and away from the temptations of drugs and gangs, they get a respite, and can get the needed job training and/or drug treatment they need. Their children get 'on track' academically, and gain productive social and life skills. With the assistance of these residential schools, their families are made stronger, even though they spend most of their time apart.

Some parents won't go into residential drug treatment programs because they don't want their children in the foster care system. And they are unwilling to relinquish them for adoption. So they continue their self-destructive habits, and their habitual abuse and neglect of their children. I have been working recently with the Board of Education of New York City on creating a new residential academy. One of their prime goals is to create a residential setting for children from high-risk home environments, without having to place these children into the foster care system.

There is currently little empirical evidence that these settings are effective. There are thousands and thousands of anecdotes. Professor McKenzie, the next speaker and Chair of the Board of the International Center for Residential Education, is a "live anecdote." One statement I hear from students in many residential schools I have visited is that they are the only one of the friends they grew up with who is not in jail or dead. Sometimes the 'clients'—the students, even 'vote with their feet'. Every school in our organization's association for residential schools for at-risk young people, the Coalition for Residential Education, has 'Pilgrims'. These are students who arrive at the entrance to the residential schools on their own accord from hundreds of miles away, with a modern version of the bandana on a stick over their shoulders, and say, "Please Take Me In!"

Cross-program evaluation is needed. In its 1994 report on residential care, the U.S. General Accounting Office concluded:

"Residential care appears to be a viable option for some at-risk youth. However, programs seldom conduct controlled or comparison studies to determine how outcomes are linked to their treatment efforts, and few programs have conducted studies to show what happened to participants more than 12 months after they left the program. No consensus exists on which youth are best served by residential care rather than community-based care or how residential care should be combined with community-based care to best serve at-risk youths over time."<sup>2</sup>

Residential schools are also cost-effective. Most schools can meet a student's educational and living needs for approximately \$28,000 a year. That is less than half the cost of most juvenile delinquency facilities, where many of these kids are likely to end up without significant intervention. \$28,000 is a third to a fifth of the cost of residential treatment centers or psychiatric treatment facilities, which are short-term, intensive, and focus on the youth's pathology. But that is where many children from abusive living situations are placed, often because there are no less intensive, less expensive residential options for them.

#### FOR WHOM IS THIS OPTION BEST?

Clearly, these schools are not for all children. We contend this is the most effective, and cost-effective option for bringing some marginalized and at-risk young people into the mainstream to become future tax-paying, productive, responsible citizens. For whom, specifically, are these settings best?

<sup>2</sup>United States General Accounting Office, Residential Care: Some High-Risk Youth Benefit, But More Study Needed, United States General Accounting Office, Washington, DC, January 1994 (GAO/HEHS-94-56)

Children who don't live in safe homes—homeless youth, those in abusive homes.

Children who have been bouncing around in, or would fail in, the foster care system.

Children whose parents want to, but cannot provide for their basic needs. This usually means children living in single parent, low income homes in violent neighborhoods.

Five years ago I spent a few months traveling around the country, visiting existing residential education programs, to write a study, Overview of American Residential Education Programs for Youth. I found that the programs differ in size, target age, funding auspices, location, and even specific expected outcomes. I found they share more than they differ, however. They all offer students five essential components of life, otherwise unavailable to them: Safety (physical and emotional), Education, Community, Structure, and Self-Esteem.

#### THE ISRAELI RESIDENTIAL EDUCATION SYSTEM

I personally was inspired to make this option available for at-risk American youth, having seen Israel's extensive network of 70 children and youth villages. There they tell neglected, abused, and parentless children, half of them immigrants and half from abusive homes, "What your family cannot do for you, your community will." We can, and need to, do this here!

Israel's residential education network was created originally to house children fleeing the Holocaust. The programs are based on a hybrid of a Kibbutz (communal village) and traditional European boarding schools. Many of Israel's top politicians, artists, military heroes, and business executives are graduates of these schools. The programs have been adapted over the past 65 years to meet the changing demographics and needs of Israel's citizens. The current mix of students is approximately half abused and neglected Israeli children born in Israel and half new immigrants, primarily from Ethiopia and the former Soviet Union.

The settings in Israel function as communities. The programs are group-centered while valuing each community member, committed to helping students graduate, and unstigmatized. Students and staff contribute what they can and take what they need that is available. In the Israeli system today, the various cultures from which students arrive are celebrated, studied, and used to enrich the environment of the majority rather than be replaced by it. As Dr. Chaim Peri, Director of Yemin Orde Children's Village, explains, "You must get thoroughly into the children's past, culture, and language. He doesn't come from a void!"

#### AMERICAN RESIDENTIAL EDUCATION IN THE NEW MILLENIUM

Since the International Center for Residential Education was founded in 1993, we have seen a dramatic resurgence in interest in this option for at-risk youth, particularly in the form of public/private partnerships. Two years ago the nation's first residential charter school opened in Massachusetts, the Boston University Residential Charter School. There are now four publicly/privately supported residential charter schools, in three states and the District of Columbia. In April 1998, the Minnesota legislature, at the urging of former Governor Arne Carlson, passed legislation and appropriated money to create three new boarding schools for at-risk children and teenagers. Efforts under way to develop new residential schools in New York City, San Diego, Florida, and elsewhere. In these public/private partnerships, funds for the educational components are funded with public education dollars. Funds for the residential components are funded with a combination of existing public dollars and private donations.

Private philanthropy is also excited about this option. Five years ago the American Honda Corporation funded a new residential school, Eagle Rock, in Estes Park, Colorado. Individuals and church groups are exploring creating additional ones, developing their own models.

#### OBSTACLES

The two biggest obstacles to the development of more residential education programs are funding and attitudes. Many at-risk children are not, for a variety of reasons, adoptable. Residential education is, in the short term, an expensive option for meeting the needs of at-risk youth, when compared to basic foster care or simply leaving a young person to live at home and drop out of school. Yet, compared to the costs of residential treatment and juvenile lockup facilities, where many young people from difficult circumstance might end up, it is much less expensive, and certainly much more educative. The myths about residential education, that the pro-

grams are “institutional,” “last hope settings,” or Oliver Twist-like environments where youth are placed by social workers and probation officers, are a further detriment. Many child welfare professionals and teachers’ unions oppose “new” modes of caring for and teaching at-risk children. The prevailing theory among critics of residential schools for these at-risk children is “The worst home is better than the best institution.” I, and those I represent, strongly disagree.

Another obstacle is the dearth of information about residential schools. Until a year ago, the approximately 30 residential education programs had little contact with each other. There was little sharing of “best practices” in residential schools, cross-program evaluation, and no student referral network. When a private philanthropist, a community, or organization wants to start a new residential school, they must start almost from scratch, traveling the country visiting the existing schools to try to identify components to include in their new school, designing and redesigning their new model, scrounging for potential funding sources, and initially meeting with mixed success in the schools they create. Large foundations which support at-risk children haven’t supported study or development of residential education because, on the face of it, residential education seemed to go against the prevailing politically correct ‘darlings’ of Family Preservation and Community Support.

A year ago, we founded the Coalition for Residential Education, a national association of existing and developing residential schools, to network among practitioners and other advocates, exchange “best practices,” collaboratively address common dilemmas, and implement, in a concerted fashion, a public education campaign about the value of residential schools. This has begun to help both fledgeling and long-existing residential schools.

A further obstacle is certain restrictive rules and regulations which unnecessarily drive up the costs of these schools, restrict student referrals, and in many instances cause the school to be an ‘institution’ rather than a supportive, educative community.

#### LEGISLATIVE ACTION NEEDED NOW

Legislative action needed in the near future is legislation which:

- *Increases flexibility in the use of existing public funds*—for example, funds earmarked for foster care, which could follow the child, used to cover costs of the residential components in a residential school
- *Appropriation of funds to jumpstart new residential schools*, as was done with charter schools
- *Allows waivers of certain restrictive rules and regulations*
- *Allocates funding for the study and evaluation of this re-emerging field*, option

In 1994, a year after the creation of the International Center for Residential Education, the enthusiasm for this additional preventative and developmental intervention for children was dampened, in the short term, when then Speaker Gingrich brought up the concept of ‘bringing back’ orphanages. This option for at-risk kids became suddenly publicized and quickly politicized. There was a lot of publicity and public debate. Both sides were earnest about their beliefs, but based much of their opinion and their spin on old movie images.

Fortunately, times are changing. Over the past few years, Americans across the political perspective are urging the development of boarding schools for poor children from broken families and violent neighborhoods. Both the Heritage Foundation’s magazine *Policy Review* and the Democratic Leadership Council’s magazine *The New Democrat* have published articles I have written promoting this concept. This option for kids needs to transcend partisan politics, as was done with charter schools. It needs to be available as one more option, one more choice for kids and those who care about them.

Many people consider children from difficult backgrounds “Throw Away Children.” Human and financial resources are expended—or rather, not expended—on them accordingly. Thank you for today’s careful and realistic consideration of this option for kids. You are reframing the debate on this option for at-risk youth. This time we are opening an informed, serious, reasoned discussion, based on reality.

I believe adoption is the first preference for a child who no longer has a parent. For children for whom adoption is not a realistic option, the safe, 24-hour, education-oriented, structured environment of a long-term residential school prevents them from dropping out of school early, having children too soon, and engaging in a range of self-destructive behaviors. If we are to avoid ‘losing’ so many of our young people to drug abuse, crime, and hopeless futures, we cannot afford to wait. I urge you to consider creation of a national policy, and modest funding, which encourages the development and expansion of residential education as a long-term option, in a continuum of options, for America’s valuable children.

[Attachments are being retained in the Committee files.]

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Chairman JOHNSON. Mr. Richard McKenzie, the Walter B. Gerken Professor of Enterprise and Society at the Graduate School of Management, University of California, Irvine.

Welcome.

**STATEMENT OF RICHARD B. MCKENZIE, ECONOMICS AND MANAGEMENT PROFESSOR, GRADUATE SCHOOL OF MANAGEMENT, UNIVERSITY OF CALIFORNIA, IRVINE**

Mr. MCKENZIE. Again, I am Richard McKenzie, and I am here because of an edited volume that I put together a couple of years ago on *Rethinking Orphanages for the 21st Century*. My written testimony reflects that volume and tries to suggest to you the range of issues that need to be addressed to facilitate bringing back children's homes. I recognize that some of those issues have, in fact, been dealt with over the last year or so.

I am also here because I grew up in an orphanage in the 1950s, and that has in many ways motivated my recent work.

Five years ago this November Newt Gingrich made an off-the-cuff comment about how children in the welfare system might be better off in orphanages. It started a media fire storm, and his proposal was rapidly dismissed as "unbelievable and absurd." Perhaps Mr. Gingrich was more right than he knew at the time.

Over the past 5 years we have learned a lot, not the least of which is how many millions of American kids are, in fact, abused, and that abuse is substantiated. We know that there are at least a half a million American kids in foster care at any point in time. We also know that at least 100,000 kids that were in the foster care system in November 1994 are still there today. We know that 27 percent of the foster care kids will go through at least three placements on their first cycle through the system, and many of them will go through several cycles through the system. We do not know how many placements many of them will suffer. Anecdotal evidence suggests that many kids will go through dozens of placements. There are also reports of kids going through 40 and 50 placements before they graduate from high school.

With that background in mind, is there not some understanding of why people might look "back to the future," back to homes for children?

We have also learned a good deal about how well alumni did in the past. I undertook a survey of 1,600 alumni from nine homes in the South and Midwest. All of these kids are now 45 years of age and older. All of them spent an average of 8 years in their children's home. They went there at an average age of 7, at anywhere from 2 to 13 or 14 years of age.

What I found is startling, but yet it confirms my own personal experience with the kids with when I grew up. The alumni from these homes have outpaced their counterparts in the general population on almost all accounts, not the least of which are education, income and attitude toward life. The alumni have a college graduation rate that is 39 percent higher than the general population.



They have a 20 percent higher rate of Ph.D's than the general population. They have a median income somewhere between 10 and 60 percent higher than the general white population. They have a lower poverty rate. They have a lower rate of public assistance, a lower rate of criminal incarceration. You name it, they have done better. And that should perhaps suggest to us that we should look "back to the future."

Not only that, we also learned that these kids were not all like Little Orphan Annie, pining to be adopted. Indeed, 86 percent of the alumni from these homes said that they never contemplated adoption. Many of them were like me. When I knew that a couple was coming on campus to survey the kids who were 10, 11, and 12 years old, the age group I was in, we didn't stand out to be asked to be adopted. We would head for the woods, and there is good reason for that: If your family has failed you, you don't necessarily think that Daddy Warbucks is going to be the one who picks you out. If you have a pretty good place, why not stay with it?

Only 3 percent of the alumni were like Annie pining to be adopted. Some of the kids were asked to be adopted, but they didn't allow themselves to be adopted until they graduated from high school. This is an unheralded story that needs to get out.

Now, children's homes that are coming back—I mean the children you meet today are being hampered in getting the kind of care that I and many of my alumni cohorts got. If you ask the alumni what counted, they will all tell you the work ethic, religious and moral nurturing, and a sense of responsibility. Yet, we have laws on the books that restrict kids from mowing the grass. There is a home in Chicago that won't send its kids to the grocery stores because of liability problems.

There are all kinds of restrictions on how religious and moral nurturing cannot be instituted; and, of course, there is a liability problem, not only in these homes but in foster care. Kids in California who are in foster care or in these homes cannot get a driver's license because nobody will assume liability.

I think adoption is wonderful; I think it is great for those kids who meet the requirements. But you have got to understand that not all the kids are adoptable. Not all parents will allow their kids to be adopted. My father would have terrorized any adoptive parent who took me. Also, not all children want to be adopted.

And then there is the issue—sorry, time's up.

Chairman JOHNSON. You finish if you can, in a couple minutes, go ahead.

Mr. MCKENZIE. I am sorry, I lost my train of thought.

Chairman JOHNSON. You were going on to a second issue.

Mr. MCKENZIE. I know.

Chairman JOHNSON. We will come back to you.

[The prepared statement follows:]

**Statement of Richard B. McKenzie<sup>1</sup>, Economics and Management  
Professor, Graduate School of Management, University of California, Irvine**

PART I. EXTENDED ORAL TESTIMONY

I am Richard McKenzie, an economics and management professor in the Graduate School of Management at the University of California, Irvine. I am here because of my research on the alumni of children's homes that operated in this country decades ago.

Nearly five years ago former Speaker of the House Newt Gingrich set the tone for his contentious speakership when he dared to suggest that some welfare children would be better off in private orphanages. In making his off-the-cuff comments, he ignited a media firestorm, mainly organized around claims of critics that his proposal was "unbelievable and absurd." In early 1995, Speaker Gingrich quietly conceded the issue to his critics. He did not know how right he was.

Over the past five years an untold number of American children have endured third-world living conditions and the sordid consequences of their parents' horrific life choices, facts that have regularly been reported in the news. Five million cases of serious child abuse have been substantiated. More than a million children have cycled through the foster-care system. A hundred thousand or more American kids who were in foster care in late 1994 remain there today—and will be there into the next millennium.

Over the past five years, tens of thousands of children have been repeatedly taken from their abusive and neglectful parents only to be abused again, sometimes with greater force, by the nation's child welfare system that regularly separates siblings, sending brothers and sisters separately through a dozen or more foster-care placements. These children have become seasoned troopers in what family court judges have come to call the "plastic bag brigade," children who repeatedly show up in court for yet another placement with only a plastic bag in which to carry their possessions. They will never understand what other Americans mean by one of the most basic of human advantages—"home," a permanent place to call their own. Ill prepared for a productive life outside the foster-care system, many will graduate to relive the lives of their parents.

There should be no debate that many of the children trapped in the country's child welfare system would be better served by being adopted. We have an absurd child welfare system in this country that makes adoption so costly and cumbersome that many American couples this year will travel thousands of miles to foreign lands to adopt children. At the same time, it is senseless to believe that all children in need of a permanent home will be adopted. Some children do not fit the needs of parents in search of children to adopt, and contrary to conventional thinking, many other children do not want to be adopted. Moreover, there is a little-discussed upward trend in "failed adoptions" that many adoption advocates rarely acknowledge. I am here to suggest that the country needs—no, children need—permanent care options beyond adoption.

What do we do with children who either can't or don't want to be adopted? What do we do with the children who have been dumped by their biological parents, dumped by a series of foster parents, and then dumped by their adoptive parents?

I would be the first to acknowledge that children's homes were far from perfect care options. I should know. I grew up at Barium Springs Children's Home in North Carolina in the 1950s. At the same time, I'm here as a representative of the hundreds of thousands of adult Americans who grew up the way I did, who have done well in life—and who to this day feel fortunate for the opportunity they had as children and who shudder at having to endure what many American children go through today.

Over the past four years, we've learned much about children's homes that we didn't know in late 1994. We now know from the first large-scale survey of 1,600 alumni from nine orphanages in the South and Midwest that dismissal of the orphanage option nearly five years ago was far too quick, related more to ingrained and outdated Dickensian images of orphanage life a century or more ago than to the reality of the experiences that the vast majority of the children had in their homes.

The alumni in the survey (all of whom are now middle aged and older) have done very well as a group, exceeding by a substantial margin the educational and eco-

<sup>1</sup>Richard McKenzie is a professor in the Graduate School of Management at the University of California, Irvine. He is also editor of *Rethinking Orphanages for the 21st Century* (Sage Publications, 1998) and author of *The Home: A Memoir of Growing up in an Orphanage* (Basic Books, 1996). E-mail: [mckenzie@uci.edu](mailto:mckenzie@uci.edu).

conomic accomplishments of their counterparts in the general population.<sup>2</sup> For example, the alumni have a 39 percent higher college graduation rate than other Americans in their age group; far more income; and substantially lower unemployment, poverty, and incarceration rates. Moreover, the vast majority (upwards of 85 percent) look back favorably on their orphanage experience and attribute much of their life's successes to what they learned about life, morality, and work in their at their homes. Less than 3 percent view their experience unfavorably.

What is important for this committee to hear is that very few (less than 3 percent) were like Little Orphan Annie who pined for adoption. Most were like the kids I grew up with. When we heard that a nice couple would be roaming the campus with thoughts of adopting one of us, we headed for the woods. Why? When your family has failed you, you don't necessarily assume that the adoptive parents will be like Daddy Warbucks.

In all due respect to the policy combatants in late 1994, the issue today is no longer whether children's homes will return; they never went completely away. Moreover, new children's homes, whether in the form of residential charter schools or SOS Villages USA, are emerging. The California Lutheran Church is one of a number of private groups across the country working to establish homes. This past spring Minnesota agreed to set up a dozen "residential academies." The movement is quiet and slow but unstoppable, because the need is so great.

Moreover, children's homes offer many disadvantaged children distinct advantages over foster care, not the least of which are structure, stability, and a sense of permanence, if not a place they can call "home." However, children's homes also permit siblings to stay together, and they afford children a chance develop moral and religious values, a sense of responsibility and work ethic, as well as much needed education and job-related skills, factors that are sorely missing in the foster care system.

However, as described in detail in my new edited volume, *Rethinking Orphanages for the 21st Century*, there is much left to be done in the way of policy reforms at the state and federal government levels to speed up the reemergence of private children's homes. First and foremost, we must correct popular misconceptions relating to children's homes. People must realize that if the orphanages of the past were all hell holes, their alumni would not continue to gather yearly in the hundreds and thousands across this country for homecomings—forty and fifty years after their homes closed. (For a discussion of the recommended policy reforms developed two years ago by a group of child welfare practitioners and scholars, see Part II of this testimony.)

We need to work hard to deregulate in a variety of ways much residential childcare in order that modern children's homes can become more cost effective and more common. We need to once again free up the creative energies of American philanthropists. The Hershey children's home in Pennsylvania, which is expanding from 1,100 to 1,500 children and has an endowment that rivals the Getty Museum, stands as the late Milton Hershey's working monument to what good deeds, not political rhetoric, can do for and through the lives of children.

If anyone wants to see what private deeds through children's homes can do, go to Hershey and be amazed. Take a side trip to the SOS Village in Florida or Illinois and to the Connie Maxwell Children's Home in South Carolina, and listen to yourself wishing that more disadvantaged kids could have the same opportunity to make a break from their sordid circumstances and chart a brighter future in a place that they can call home.

Again, my point is simple: Adoption is wonderful for those children who have that opportunity, but adoption is not a panacea. Children's homes are a care option whose time has come again.

#### PART II. RETHINKING ORPHANAGES FOR THE 21ST CENTURY: A SEARCH FOR REFORM OF THE NATION'S CHILD-WELFARE SYSTEM<sup>3</sup>

Few question the proposition that children need a good start in life. However, far too many American children fail to get the "good starts" that they need. The percentage of children who are growing up without the supervision and guidance of one

<sup>2</sup>The details of this study are reported in Richard B. McKenzie, "Orphanage Alumni: How They Have Done and How They Evaluate Their Experience," *Child and Youth Care Forum*, vol. 26 (no. 2; April 1997), pp. 87–111. The results have been reprinted in Richard B. McKenzie, editor, *Rethinking Orphanages for the 21st Century* (Thousand Oaks, Calif.: Sage Publications, 1998), chapter 7.

<sup>3</sup>This section is drawn from Richard B. McKenzie, editor, *Rethinking Orphanages for the 21st Century* (Thousand Oaks, Calif.: Sage Publications, 1998), chap. 16.

or both parents for much of the time while they are out of school is widely acknowledged. The statistics on child abuse and neglect are horrific.<sup>4</sup> More than a million cases of significant child abuse and neglect are substantiated every year. Five children in the country die each day from abuse and neglect. Upwards of 22,000 babies are abandoned annually in the hospitals in which they were born. The incidence of child abuse and neglect of all forms more than doubled between 1980 and 1993.<sup>5</sup>

Adoptions have eased the troubles of many children, as have various forms of substitute public care, not the least of which has been foster-parent care.<sup>6</sup> However, only 6 percent of the babies abandoned each year in hospital nurseries are adopted. The foster-care system is now approaching a crisis state, given the speed with which the count of children in care is expanding while the number of available foster parents is contracting; the increase in the time children are staying in the system; the decline in the percentage of foster-care children who are adopted out of the system; and the growth in the number of different foster-care placements many children must endure.<sup>7</sup>

The foster-care system had well over 600,000 children in care in 1992, up by more than 50 percent since 1986. At the same time, tens of thousands of children across the country are waiting to be placed in the foster-care system. The percentage of children in foster care who had been in the system for two to three years increased by almost half in just seven years, from under 11 percent in 1983 to nearly 16 percent in 1990. The percentage of children in foster care for three to five years rose from under 12 percent in 1983 to almost 17 percent in 1990. All the while, the percentage of children adopted out of foster care declined by a third, from 12 percent in 1983 to under 8 percent in 1990.<sup>8</sup>

Foster care was intended to be temporary care. However, one out of every ten children—over 60,000 of all current foster-care children—can expect foster care to be, in effect, permanent care, given that they will spend more than seven years in the system. For all too many children, foster care will also be unstable care, especially since siblings are often sent to different foster homes. Moreover, twenty-three percent of foster-care children will have two placements, an additional 20 percent will experience three to five placements, and 7 percent will have more than seven placements, which means that more than one quarter of the children who go into the foster-care system can expect to be shifted among more than three foster parents<sup>9</sup> (and many can expect to go through dozens of placements<sup>10</sup>).

No doubt, many foster children have done well because their foster parents gave a lot of themselves for very little payment. However, signs of strain with the foster-care system abound. Currently, children in foster care constitute less than .003 percent of the nation's population. However, 17 percent of state prisoners are former foster-care children, 40 percent of foster children leave the system to go on the nation's welfare rolls, and 39 percent of the homeless youth in Los Angeles County are former foster-care children.<sup>11</sup>

Judges and childcare workers across the country openly decry the fact that many abused and neglected children will be sent home from the foster-care system only to be abused again and returned to the system for another round of foster placements. Heads of group homes, which provide temporary care for troubled children, readily admit that many of their charges should never be sent home, but all too often, abusive homes or additional foster-care placements are the only options available.<sup>12</sup>

To say that the nation's childcare system needs new options for care is an understatement of major proportion. One of the "new" options for a growing number of children will likely be an "old" one—the private "orphanage" (or children's home) option. This short paper reviews the policy obstacles that impede the return of private

<sup>4</sup>For details on the extent of the nation's problems of abuse and neglect, see Sedlak and Broadhurst (1996).

<sup>5</sup>For a summary of statistics on child abuse and neglect, see Fagan and Hanks (1997).

<sup>6</sup>For a review of the problems potential adoptive parents face in their efforts to adopt children, see Craig (1995).

<sup>7</sup>For a review of one state's child-welfare system, see Matlick (1997).

<sup>8</sup>For more details on the problems in the foster-care system, see Bevan (1996).

<sup>9</sup>As reported in *A Challenge to the Nation: Safe and Permanent Homes for Children* (1997).

<sup>10</sup>No one knows how many children go through placements that reach into the "dozens." However, Donald Veuleur, an officer in the Olive Crest home for children in Orange County, California, and Robert Stansel, president of Barium Springs Home for Children in Iredell County, North Carolina, attest to all-too-frequently working with children who may have been through three and four dozen foster placements.

<sup>11</sup>As reported in *A Challenge to the Nation: Safe and Permanent Homes for Children* (1997, p. 3).

<sup>12</sup>For an example of how judges assess their options, see Estella Moriarty's contribution in McKenzie (1998; chapter 3).

children's homes and offers suggested policy reforms devised at a symposium of researchers and practitioners.<sup>13</sup>

*The Children's Home Option*

In late 1994 and early 1995, policy makers and commentators furiously debated the issues of whether private orphanages (or long-term residential and educational care centers for disadvantaged children) should be brought back as a care option.<sup>14</sup> Contrary to the way that debate ended—abruptly, without any apparent resolution of the central issue—the issue today is no longer whether private orphanages (or some modern variant of them) will return. Private orphanages never went completely away, as might be believed. Not all children's homes folded or changed their missions to care for severely troubled youth. The Milton Hershey School in Pennsylvania, the Connie Maxwell Home for Children in South Carolina, the Masonic Home for Children in North Carolina, and the Palmer House in Mississippi are four examples of children's homes that have continued to provide long-term care for disadvantaged children for much, if not all, of this century.<sup>15</sup>

New private orphanages (or children's homes) are springing up. SOS Children's Villages-USA, Inc., which has children's homes in 125 countries, has established a childcare beachhead in the United States, with a new model for children's homes that has been tested and proven effective in Florida and Illinois and that will likely be duplicated throughout the country.<sup>16</sup> Moreover, other religious and civic groups have concluded that the disadvantaged children who are now being tossed from one foster placement to another, and between foster placements and their own dysfunctional families, need the sense of security that comes from having a permanent home. The Lutheran Church of California has a project they have dubbed "20/20/20," for twenty children's homes in twenty cities in twenty years. Children's homes that two and three decades ago became short-term treatment centers are reconsidering their mission, with an eye toward reintroducing long-term residential care for children who would otherwise not be able to return home or who would likely continue to move from one foster placement to the next.

Clearly, the nation's growing problems with family stability, child abuse and neglect, welfare reform, and foster-care ensure that some modern form of private orphanage care will continue to return. The relevant question now is at what pace private orphanages (or whatever they are called) will spread, and that issue is critically related to the cost of care, which is high and going up.<sup>17</sup>

*Children's Need for a "Good Start"*

To say that children need a "good start" is instructive but not sufficient. One childcare expert, whose authority is grounded in his professional work and his background as an orphanage alumnus, suggests that a good start for a child almost always encompasses four attributes: Connectedness, Continuity, Dignity, and Opportunity (Seita, Mitchell, and Tobin, 1996):

1. By connectedness he means that "children need to feel that someone is there for them, and that they are a part of someone else's life" (Mitchell, and Tobin, 1996; p. 93).
2. "Continuity is a sense of continuous belonging with another person or persons. The young person needs to feel a part of a greater whole and has an important position to play within it" (Mitchell, and Tobin, 1996; p. 96).
3. "To have dignity is to feel worthy. All children are worthy of respect, caring, love, thought and courtesy." (Mitchell, and Tobin, 1996; p. 98).
4. Children need an opportunity to grow and develop, which means that "young people must be able to explore and express their capabilities without undue external

<sup>13</sup>The list of the attendees at the symposium is included in the appendix to this chapter.

<sup>14</sup> For a review of the orphanage debate of 1994–1995, see Ross London's contribution to McKenzie (1998; chapter 6).

<sup>15</sup> For reviews of beneficial residential children's programs in Israel, Africa, and Europe, see Beker and Magnuson (1996). For a review of the potential benefits of residential programs in the United States, see Goldsmith (1995).

<sup>16</sup> For more information on SOS Villages-International, see the organization's home page: [www.sos.or.at/sos](http://www.sos.or.at/sos). There are currently 361 SOS children's villages worldwide caring for nearly 30,000 children supported by over six million "friends" of the organization. All of the world's major religions are represented in the villages, and each child is brought up in his or her own religion.

<sup>17</sup> For an analysis of the cost of care at two childcare institutions, see Del Bradshaw, Donald Wyent, and Richard McKenzie's contribution to McKenzie (1998; chapter 15). Briefly, these authors found that the annual cost of care at one home for severely troubled children was over \$64,000 per child in 1995. The annual cost of care in a home for disadvantaged children was more than \$32,000 per child. The annual cost of care per child at both institutions in 1950 (when they cared for disadvantaged children) was less than \$7,500 per child in 1995 dollars.

barriers. Children must have access to quality education, recreation and leisure, all at an appropriate developmental level.” (Mitchell, and Tobin, 1996; p. 100).

The list is short and subject to quibbles. Seita would be the first to acknowledge that his list of four attributes is not necessarily all-inclusive of children’s needs. For example, children need to feel safe (which Seita would include under dignity), and they need some form of spiritual and/or moral nurturing (which he would include under continuity). The point is that what children needs are fairly basic and relatively easy to identify and categorize. The tough task is ensuring that children get the basics.

Most children will get the good start they need from their biological families. Others will get a good start from adoptive families, and still others will benefit from some form of short-term and long-term foster care as the children’s families reconstitute themselves. Work on improving the care children receive from their biological, adoptive, and foster families must continue for an obvious reason: These forms of care will always be the dominant means by which children get their starts in life. However, for a growing number of children, the various forms of family-based care available to them have been inadequate, if not destructive. Many disadvantaged children will never be adopted. That does not mean that adoption should not be encouraged and more widely used, with the legal and cost impediments to adoption reduced, as has been recommended.<sup>18</sup>

The unadulterated fact remains that many children should never be returned to their abusive and neglectful biological parents, and far too many children will spend years of their childhoods in what can only be called “permanent temporary care,” year by year going from one temporary foster-care placement to another. Could not these children find better childhood experiences in care centers that offer long-term, permanent substitute care that might not match the ideal of family life but would be significantly better than their next best alternative?

#### *Reconsideration of Past Assessments Of Orphanages*

Past assessments of institutional care for children have been far too harsh. Admittedly, many childcare experts have concluded, after reviewing a number of studies relating to the efficacy of institutional care, that private orphanages “damaged” the children in their care.<sup>19</sup> While many orphanages may not have provided their charges with good experiences, a critical review of the childcare literature relating to orphanages suggests that the studies themselves are defective in a number of regards, leaving open the question of whether the broad sweep of private orphanages that covered the country during the first half of this century were as “bad” as has been suggested.<sup>20</sup>

While all homes for disadvantaged children probably harmed some of the children in their care (as do some families), there is strong evidence that homes for disadvantaged children helped a substantial majority of their charges. The general conclusion drawn from the first and only large-scale survey of orphanage alumni (involving 1,600 respondents from nine orphanages in the South and Midwest) stands in sharp contrast to conventional wisdom and expert conclusion on orphanage life: As a group, the alumni have outpaced their counterparts in the general population by significant margins on practically all measures, not the least of which are education, income, and attitude toward life.<sup>21</sup> The survey respondents seem to be saying that they got from their orphanage experience the required “connectedness, continuity, dignity, and opportunity” that constituted a “good start” and served them well later in life.<sup>22</sup>

The record of many homes of the past should be reassessed with an eye toward considering their “batting averages” relative to the “batting averages” of alternative systems of substitute care, most notably foster parent care. These assessments of the programs of past and current children homes should be remade with the goal of identifying “best practices,” and avoiding many of the mistakes that were made in the past.

<sup>18</sup> See Bevan (1996, chap. 5).

<sup>19</sup> For a summary of the criticisms, see Ford and Kroll (1995).

<sup>20</sup> For a brief history of the orphanage movement in this country, see Marvin Olasky’s contribution to McKenzie (1998; chapter 5). Also see Seita, Mitchell, and Tobin (1996). For histories of individual homes that appeared to have served a substantial majority of their children well, see Cmiel (1995), Goldstein (1996), and Zmora (1994). For a review of the scholarly childcare literature as it relates to orphanage care, see John McCall’s contribution to McKenzie (1998; chapter 8) and Children’s Bureau, *Orphanage Background Materials* (1995).

<sup>21</sup> See Richard McKenzie’s contribution to McKenzie (1998; chapter 7).

<sup>22</sup> The overwhelming majority of the respondents indicated that they maintain favorable assessments of their orphanage experience (see chapter 7 of McKenzie (1998)).

The case for temporary institutional care of seriously troubled children has been made and is widely accepted. The case for permanent care of disadvantaged children who have not yet become seriously troubled has not been widely accepted and needs to be remade with greater force. That case needs to be made with reference to the problems and deficiencies in the current substitute-care systems. However, what is needed is not a contraction in the number of children who receive substitute care, but an expansion in the array of care options in order that children can be placed in environments that best serve their particular needs.

It must be acknowledged that many children will never prosper in an institutional setting. At the same time, experience has shown that many children can do well in such a setting, and they can surely do better in such a setting that they might do in a sequence of temporary placements. Private homes for children can provide a form of long-term, permanent care, from which a sense of security can develop, but homes can provide much more, not the least of which is improved educational opportunity, a sense of work ethic, religious and moral nurturing, and camaraderie and sense of community—attributes that the alumni of homes have as important in their childhoods and that are clearly evident at homes like the Milton Hershey School in Hershey, Pennsylvania, and SOS Children's Villages that, as noted, are scattered across more than 100 countries worldwide.<sup>23</sup>

#### *Policy Impediments to Permanent Institutional Care*

Greater use of the private orphanage (or permanent children's home) option is now, however, inhibited by a variety of state and federal laws and regulations that encourage judges and child-welfare workers to keep children with their biological but abusive and neglectful parents and to shun the use of long-term, institutional care. Many of these laws and regulations also have the effect of driving up the cost of long-term childcare in institutional settings, which means that fewer children than otherwise will receive the type of permanent care they need.

Under current federal law (namely the Adoption Assistance and Child Welfare Act of 1980), states must prove that they have made "reasonable efforts" to prevent the removal of children from their biological parents and to return children to their biological parents, a seemingly innocuous requirement. The policy intent of that federal law was understandable, to reverse the sharp rise in foster placements that occurred in the 1970s (which did, in fact occur for a time<sup>24</sup>, and few would question making "reasonable efforts" to keep families together. However, the problem is that the term "reasonable efforts" has been unreasonably interpreted by practitioners in the child-welfare system to mean that virtually every possible effort must be made to rehabilitate the parents and to reunite the children with their parents when the children have been removed.

The termination of parental rights is often delayed for years as the parents make little or no effort to change their abusive and neglectful ways. Abusive and neglectful parents can also slow down the termination process by, at times, making only marginal improvements in their behavior or by claiming that they have not been provided with ample state resources (through, for example, drug rehabilitation programs) to correct their behavior.

The accumulation of delays can mean that children are forced to remain with their parents long after parental abuse and neglect has been substantiated, as extensive efforts continue to rehabilitate the parents and to stop the abuse. It has also meant that children have been repeatedly returned to abusive and neglectful parents to be abused and neglected again and that, all the while, the children have been forced to endure repeated cycles of multiple foster-care placements.<sup>25</sup>

The termination of parental rights of biological parents has become progressively more difficult and time consuming, even among abusive parents who have committed repeated felonies against one or more of their children. Often, children who have not been abused (sexually, emotionally, or physically) cannot be removed from their abusing parent(s) even though one or more of their siblings has been abused.<sup>26</sup>

No one questions the importance of good family nurturing to children, and clearly state and federal law should not obstruct the continuance of family life when it sup-

<sup>23</sup> See McKenzie, "Orphanage Alumni" and Heidi Goldsmith, *Residential Education: An Option for America's Youth* (Hershey, Penn.: Milton Hershey School, November 1995). For more information on SOS Children's Villages International, use the following web site: [www.netwing.at/sos/](http://www.netwing.at/sos/).

<sup>24</sup> Foster-care placements fell from a half million in the late 1970s to 300,000 by the mid-1980s. However, as noted, placements were back above 600,000 by the early 1990s. See Pelton (1989), Tatara (n.d.), and U.S. Advisory Board on Child Abuse and Neglect (1993).

<sup>25</sup> See Conna Craig's contribution in McKenzie (1998; chapter 2).

<sup>26</sup> For discussions of the problems children must face because of family rehabilitation and reunification efforts, see Moriarty (chapter 3), Gelles (chapter 4), and Gelles (1996).

ports the welfare of children in the families. However, as state efforts to rehabilitate and reunite otherwise abusive and neglectful parents have been extended and parental rights have not been denied, children have aged through repeated cycles of foster-care placements and have become progressively more troubled. The children's growing troubles should be expected with the buildup of insecurity as they are passed from one set of foster parents to another in the so-called "foster-care drift." Understandably, the children have become less adoptable, often requiring, eventually, psychological care in institutional settings.

Indeed, researchers have found that the substitution of the foster-care system for the institutional/orphanage-care system in the 1950s and 1960s has (after adjusting for a number of other forces at work) lowered the adoption rate of disadvantaged children.<sup>27</sup> Unfortunately, growing evidence indicates that the family rehabilitation and reunification programs have been ineffective, all the while children have not gotten the care they need or, worse, have literally been abused, albeit inadvertently, by the child-welfare system that was designed to help them.<sup>28</sup>

The child-welfare system may have been predisposed to interpret "reasonable efforts" very generously because many experts and practitioners are convinced that any form of family care is to be preferred even over the best form of institutional care, but also because the scope of care provided by state agencies can be expanded with a generous interpretation of what constitutes "reasonable efforts." Regrettably, within the child aid system, there are built-in budget biases in favor of placing children in foster care and not moving them out to institutional care.<sup>29</sup>

However, the system has another, perhaps stronger economic incentive to make far more than "reasonable efforts" to rehabilitate parents and to reunify children with families that may or may not have been rehabilitated: The cost of institutional care, which might have to be covered out of state budgets, is very high—easily exceeding \$30,000 per year per child—and the cost has grown substantially over recent decades.<sup>30</sup> At one home for disadvantaged children, the annual cost of care per child in 1995 was more than four times the real (inflation-adjusted) cost of care per child in the early 1950s.<sup>31</sup>

The growth in the cost of institutional care over the last five decades has been the result of many factors, not the least of which have been the rise in the real wages of institutional caregivers and the intentional reduction the institutions have made in their children-to-staff ratios in order that additional higher quality and more personal childcare services could be provided. However, the cost increases have also been partially self-inflicted by states, given the growth in the detailed regulations that institutions must meet.

Institutions must now adhere to volumes of regulations and accreditation requirements that in printed form weigh several pounds. For example, in many states institutional children's homes must meet construction requirements that exceed the specifications in building codes for single-family homes, and then they are told how many square feet of living space and toilets they must have for each child in care. The institutions are also told how many children they can have in each bedroom and how many staff people with various credentials they must hire for each child in care. In addition, they are required to pay house parents when they are asleep.<sup>32</sup> Then, the institutions are limited in the work they can require their children to do. They are further limited in the work they can ask of children in their care because of the liability they may incur in case of accidents.<sup>33</sup> The financial problems of institutions have been compounded by the fact that, when the institutions accept public

<sup>27</sup> See William Chappell and William Shughart's contribution in McKenzie (1998; chapter 9).

<sup>28</sup> See Gelles' contribution in McKenzie (1998; chapter 4) and Gelles (1996).

<sup>29</sup> For a political assessment of the growth of the child-welfare system, see the contributions in McKenzie (1998) by Karol and Donald Boudreaux (chapter 10) and Dwight Lee (chapter 11). The Bordeaux's write, "Such a program creates clear incentives to place children in foster-care families. Add to the open-endedness of these funds the fact that under the AFDC program 'administrative costs' of social services agencies were shared on a 50/50 basis with the federal government, and the bureaucratic tendency to grow like kudzu receives further encouragement. That is, social service agencies were receiving unlimited funds from federal coffers for AFDC payments, which, as of 1961 included some foster-children, and agencies were splitting administrative costs with the federal government. The greater the number of children placed with foster-care families, the larger the child-welfare agency budget." They quote the *Encyclopedia of Social Work* (1987, p. 642), which also concludes that "[s]tates that were heavily dependent on [AFDC foster-care] funds had no incentives to move children out of foster care because funding was lost each time a child was discharged from placement" (*Encyclopedia of Social Work*, 18th ed., Vol. 1 [Silver Spring, Md: National Association of Social Workers, 1987], p. 642).

<sup>30</sup> See Bradshaw, Wyent, and McKenzie (chapter 15).

<sup>31</sup> See Bradshaw, Wyent, and McKenzie (chapter 15).

<sup>32</sup> See Michael DeBow's contribution in McKenzie (1998; chapter 13).

<sup>33</sup> See Margaret MacFarlane Wright's contribution to McKenzie (1998; chapter 12).



funding, they are told how long they can care for and treat children, and they are restricted in the extent of the required religious component of their programs, restrictions that, no doubt, have undercut the willingness of various denominations and civic groups to financially support institutional care.<sup>34</sup>

*The Path to Policy Reforms*

Ways must be found to ensure that private charitable, religious, and civic groups can develop creative and improved alternative institutional care opportunities that meet the local needs of identified populations of children. To develop those care options, two changes in conditions appear self-evident:

- First, private homes, and their supporting religious, civic, and charitable organizations, must be given greater freedom to devise methods of care that are more cost effective.
- Second, more children must be allowed to enter permanent institutional care before they have been repeatedly abused, have experienced prolonged stays in the foster-care system, and have become troubled by the lack of permanency in their lives.<sup>35</sup>

Members of Congress and their staff have recognized the need for substantial reform in the country's basic child welfare laws, and there is some reason to hope that laudable policy changes will be forthcoming, given the passage of The Adoption Promotion Act of 1997 (H.R. 867) by the House of Representatives in the spring of 1997, which is understandably intended to encourage adoption. At this writing (summer 1997), this legislation is awaiting Senate action.<sup>36</sup> But broader changes are badly needed, given that adoption will not be suitable for all disadvantaged children in need of a permanent place to call home.

To afford homes for children greater flexibility in their programs, five very general policy recommendations need to be considered:

- *Lessen the Regulatory Burden on Childcare Institutions.* There must be a broad liberalization of state licensure statutes and regulations applicable to residential educational institutions, the goals of which are to lower the costs of care facing current and would-be operators of such facilities and to promote innovation and entrepreneurial efforts.<sup>37</sup> We suggest that states license particular providers of residential childcare—including churches and other civic and philanthropic organizations—and leave the management details of residential facilities staffing and programming to the licensed provider. In general, the states should be assigned responsibility for setting the standards of care, especially when public funding is involved, while the facilities should be in the business of determining how best in terms of quality and cost the standards can be met. Thus, we suggest the following:

1. That states adopt a statute that provides for a less regulated status of “registered” childcare institution as an alternative to the traditional, more regulated “licensed” status (versions of which have been adopted in Florida and Mississippi).
2. That states take steps to eliminate the statutes and regulations which currently discourage the use of volunteers and resident labor, to the extent allowed by applicable federal law.
3. That state regulatory bodies recognize the role of the law in contributing to the high cost of starting up and operating residential facilities for children and engage in on-going discussions with the providers of these facilities to find additional ways by which statutes and regulations can be relaxed or eliminated and thus reduce the start-up costs of new care facilities and the cost of continuing care.

- *Expand Work Opportunities in Childcare Institutions.* Many state laws allow parents to assign their children a broad range of work responsibilities around the

<sup>34</sup> See Ross London's contribution to McKenzie (1998; chapter 6).

<sup>35</sup> For a set of policy recommendations designed specifically to curb child abuse, see Fagan and Hanks (1997).

<sup>36</sup> Under H.R. 867, as amended by a bipartisan proposal accepted by voice vote, the current child welfare system would be reformed in numerous ways that are endorsed in this paper: certain aggravated circumstances involving children would be identified in which States can bypass or discontinue efforts to reunite abused or neglected children with their family; financial incentives would be provided to the States to move more children out of foster care and into adoptive families; and, for children under the age of 10 who have spent a substantial portion of their lives in foster care, States would be required to move expeditiously toward freeing these children for adoption; the timetable for the hearing that determines the child's future placement would be shortened from 18 months to 1 year; and States would be required to provide foster parents and relatives notice of all hearings and reviews. Additional minor and technical amendments are also included in the bill.

<sup>37</sup> For an analysis of the extent and impact of institutional childcare regulations in six states, (see DeBow chapter 13).

home and in family farms and businesses. Childcare institutions should be afforded the same rights to assign work responsibilities to the children in their care.

- *Convert Public Child-Welfare Funds to Block Grants.* A portion, if not all, of federal child-welfare funds that are now going into foster care should be distributed to states as block grants, allowing states maximum flexibility in the placement of disadvantaged children in existing permanent institutional settings (for example, SOS Children's Villages-USA), and in the development, monitoring, and evaluation of new options for the permanent institutional placement of children.

To reduce the time children spend in foster care and to increase the chances children will have to receive a measure of permanency in their lives, a number of policy recommendations need to be considered:

- *Elevate the Importance of "Permanence" in the Development of Child-Welfare Policies.* Preserving families and reunifying children with their biological parents are worthy welfare goals, but they are hardly the only guiding goals that should direct child welfare policies, giving the number of children who continue to be harmed by their parents. North Carolina legislators have taken the lead in having child safety take precedence over family preservation and reunification in directing that state's child welfare policies.<sup>38</sup> However, policy makers must realize that children can be "safe" as they are bounced among multiple foster-care placements. Policy makers take an additional step, making the establishment of a permanent residence for the child a higher public policy priority. This means that the time allotted for permanency planning for children in some jurisdictions, which, as noted, can stretch to a number of years or until the child grows to adulthood, must be shortened. We must seek to impose some enforced time limit on the process of family rehabilitation and reunification, before parental rights are ultimately terminated. Clearly, we must make subjecting the child to the fewest possible substitute-care placements a top priority.

- *Narrow the Range of Cases in Which "Reasonable Efforts" Must be Made to Reunify Children with Their Abusive and Neglectful Families.* The Adoption Act of 1997 (H.R. 867) proposes the type of change in federal child welfare law that is needed. Under that bill, states would not be required to make reasonable efforts to reunify a family in "aggravated circumstances" as defined in State law and in which a court has confirmed that a child has been subjected to such aggravated circumstances. Examples of aggravated circumstances are cases of abandonment, torture, chronic abuse or sexual abuse. Reasonable efforts would also not be required when parents' rights to a sibling have been involuntarily terminated or when parents have murdered or committed manslaughter of another child. In determining the reasonable efforts to be made, the child's health and safety must be the paramount concern.

- *Assign the Initial Investigation of Cases of Substantial Abuse and Neglect to the Police and the Criminal Justice System.* Charges of child abuse and neglect, even in severe cases, are handled in many states by social workers. Shifting the assignment of investigative duties to the police and criminal justice system would eliminate the inherent conflict of interest between the child-welfare system that now frequently investigates and, at the same time, apportions resources for children who are found to be victims of abuse or neglect. (The police and the criminal justice system are also more likely to follow proper criminal investigative procedures and requirements, such as notifying suspects of their rights at appropriate stages of an investigation. In all too many instances, procedural errors alone cause substantial delays in the termination of parental rights.)

- *Establish a Rebuttable Presumption of Unfitness in the Child-Welfare Law.* This means, for example, we must make the intentional infliction of serious injury or the killing of a child or spouse presumptive grounds for the termination of parental rights for all surviving children.

- *Shorten the Timetable for the Initial Hearings on the Termination of Parental Rights.* Instead of delays that can go on for years, the timetable for initial hearings for children removed from their homes should be shortened to 12 months (as recommended by H.R. 867). Such hearings would be strengthened by requiring that the expected permanency outcomes—including whether and when the child would be returned home, placed for adoption, or placed in a home for children—be a part of the child's written plan.

- *Speed Up the Notification of Judicial Authorities of Cases of Parental Rights Termination.* Delays in the termination of parental rights occur simply because judges have not been notified until after all avenues of parental rehabilitation have been exhausted. We must begin to notify judicial authorities at earlier stages of po-

<sup>38</sup>As reported by Batten (1997, p. 1C).

tential cases involving the termination of parental rights—particularly when a parent commits a felony against his or her child.

- *Establish Guidelines for the Permanent Placement of Children.* We must establish enforceable timelines for the permanent placement of children after the termination of parental rights. These guidelines should include guidance for the pursuit of adoption and institutional placement options.<sup>39</sup>

- *Place Responsibility for Rehabilitation on Parents.* Where parental rehabilitation is an issue in termination of parental rights cases, we must place the responsibility for rehabilitation entirely on the parent. We must eliminate the objection to termination of parental rights based on services not having been provided to the parent by the government or some other service provider (for example, drug treatment programs for addicted parents). Such objections now delay many cases of parental rights terminations.

- *Make the Central Issue in Cases of Termination of Parental Rights What Is Best for the Children.* Parental rights are, no doubt, important. However, in trying to protect the rights of parents, the care of the parents' children can suffer. In far too many cases, the rule of "what are the rights of the parents" takes precedence over "what is best for the children."

- *Require Concurrent Case Planning for Both Reunification and Termination of Parental Rights.* All too often, attempts to terminate parental rights are initiated only after repeated efforts to rehabilitate parents have failed, resulting in prolonged stays for the children in the foster-care system. If termination proceedings are initiated at the same time that efforts to rehabilitate are begun, and if reunification of a child with his or her parents is not possible, the termination of parental rights can proceed expeditiously.

- *Evaluate Parents' Fitness to Be Parents at the Start of Child Abuse and Neglect Cases.* The most fervently contested parental rights termination cases are usually those of neglect (rather than abuse). All too often, the termination of parental rights is delayed because psychological and substance abuse evaluations of parents are not made until rehabilitation efforts have failed. These cases could be processed more quickly and soundly by initiating parental evaluations at the start of the investigations.

- *Use Public Funds to Encourage Childcare Innovations.* In restructuring current federal law (specifically, Title IV), Congress should allow states maximum flexibility in the use of those funds among various care options, including institutional care. The purpose will be to encourage new care options by more groups.

#### *Concluding Comments*

The child-welfare system in the United States is helping hundreds of thousands of children. However, there are obvious problems within the system, not the least of which is the lack of permanent care being received by many children. Private children's homes have never been a dominant form of care for children in need, nor will they ever be a dominant form in the future. Nevertheless, many of today's disadvantaged children could benefit from the type of permanent care that children's homes have demonstrated they can provide. The evidence is mounting that children's homes have worked well in the past, are working well now, and can work even better in the future.

Institutional care has always been and will continue to be an imperfect substitute for loving biological, adoptive, or other substitute parents. However, it can be an improvement in the care provided to many hard-to-place children over what they would otherwise receive. When loving and responsible parental care is not possible, children need, at the very least, the basic amenities of life. They also need permanency and security. The recommendations tendered here are intended to provide disadvantaged children with more opportunities to find that permanence and security in their lives.

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<sup>39</sup>As recommended by H.R. 867, states would have to document steps taken to find and finalize an adoptive or other permanent home for the child including placement in the custody of another fit and willing relative or home for children. Of course, biological and foster parents and relatives providing childcare would be notified of reviews and permanency hearings regarding child placement and would be given the opportunity to be heard at these proceedings.

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## Appendix

### Rethinking Orphanages for the 21st Century

#### A Symposium in Search of Reforms for the Nation's Child-Welfare System

NEWPORT BEACH, CALIFORNIA

JUNE 6-8, 1997

##### LIST OF SYMPOSIUM ATTENDEES AND OBSERVERS

Ms. Melissa Beall Office of Congressman Todd Tiahrt 428 Cannon House Office Building Washington, DC 20515 (202) 225-6216 Fax 225-3489 mbeall@hr.house.gov	(202) 942-0314 Fax: 638-4004 dbrazil@cwla.org
Dr. Cassie Bevan Ways and Means Committee B317 Rayburn House Office Building U.S. House of Representatives Washington, D.C. 20515 (202) 225-1025 Fax: 225-9480 cassie.bevan@mail.house.gov	Mr. Robert Chitister Idea Channel 10539 Edinboro Rd. McKean, PA 16426 (814) 476-7721 Fax: 476-1283 ccabob@erie.net
Mr. Dennis Braziel, Director Group and Residential Care Child Welfare League of America 440 1st Street, NW Washington, DC 20001-2028	Ms. Conna Craig, President Institute for Children, Inc. 18 Brattle Street Cambridge, MA 02138 (617) 491-4614 Fax: 491-4673 ccraig@ifcinc.org
	Professor Michael DeBow Cumberland Law School Samford University

Birmingham, AL 35229  
(205) 870-2434 Fax: 970-2587  
*medebow@samford.edu*

Dr. Glenn Ellmers, Research Fellow  
The Claremont Institute for the Study of  
Statesmanship and Political Philosophy  
250 First Street, Suite 330  
Claremont, CA 91711  
(909) 621-6825 Fax: 626-8724  
*ellmers@msn.com*

Professor Richard Gelles  
Family Violence Research Program  
University of Rhode Island  
509A Chafee Social Science Center  
Kingston, RI 02881  
Phone/Fax: (401) 792-4138  
*gelles@uriacc.uri.edu*

Ms. Heidi Goldsmith, Executive Director  
International Center for Residential  
Education 3726  
Conn. Avenue, NW, #109  
Washington, DC 20008  
(202) 966-4304 Fax: 244-0820  
*icrehg@aol.com*

Mr. Derek Herbert  
Institute for Children  
18 Brattle Street  
Cambridge, MA 02138  
(617) 491-4691 Fax (617) 491-4673  
*dherbert@ifcinc.org*

Ms. Carolyn Hicks  
Legislative Director  
Office of Congressman Dan Burton  
2185 Rayburn House Office Building  
U.S. House of Representatives  
Washington, D.C. 200515  
(202) 225-2276 Fax: 225-0016  
*carolyn.hicks@mail.house.gov*

Mr. James Jones  
Milton Hershey School  
Founders Hall—Box 830  
Hershey, PA 17033  
(717) 520-2445 FAX: 520-2444  
*jones@hershey.pvt.k12.pa.us*  
The Honorable Kathleen Kearney  
Circuit Judge, 17th Circuit of Florida  
Broward County Courthouse  
201 SE 6th Street  
Fort Lauderdale, FL 33301  
(954) 831-7093 Fax: 831-5572  
*kkear1386@aol.com*

Professor Dwight Lee  
Department of Economics  
University of Georgia  
Athens, GA 30602  
(706) 542-3970 Fax: 542-4144  
*lee@rigel.econ.uga.edu*

Dr. Allen Leland  
20/20/20 Project, Lutheran Church  
90 Faculty Street  
Thousand Oaks, CA 91360  
(805) 492-1121

Mr. Justine Matlick, Senior Researcher  
Pacific Research Institute  
755 Sansome Street, Suite 450

San Francisco, CA 94111  
(415) 989-0833 Fax: 989-2411  
*pripp@aol.com*

Ms. Karen McKenzie  
3 Owen court  
Irvine, CA 92612  
(714) 854-7156  
*kaminirvine@worldnet.att.net*

Professor Richard McKenzie  
Symposium Organizer  
Graduate School of Management  
University of California, Irvine  
Irvine, CA 92717-3125  
O: (714) 824-2604 H: 854-7156 Fax:  
824-8469  
*mckenzie@uci.edu*

Professor Douglas Magnuson  
College of Street Catherine  
Project on Vocation, Work, and Youth  
Development Box 4165  
2004 Randolph Avenue  
Phone: (612) 690-8718 Fax: 690-6024  
St. Paul, MN 55105  
*douglas—magnuson@pandora.stkate.edu*

Dr. Richard Pierce  
Dean of Community Life  
Milton Hershey School  
Hershey, PA 17033  
(717) 520-2061 Fax: 520-2068  
*piercer@hershey.pvt.k12.pa.us*

Mr. Robert Stansel, President  
Barium Springs Home for Children  
PO Box 1  
Barium Springs, NC 28010-0001  
(704) 872-4257 Fax: 838-1541

Mr. Bernie Stumbras, President  
SOS Villages, USA  
1906 Capital Avenue  
Madison, WI 53705  
(608) 238-4584 Fax: 238-4611  
*stumbras@midplains.net*

Mr. Donald Verleur, CEO  
Olive Crest  
2130 E. Fourth Street, Suite 200  
Santa Ana, CA 92705  
(714) 543-5437 ext. 115 Fax: 543-5463  
*dverleur@aol.com*

Mr. David Villiotti  
Executive Director  
Nashua Children's Association  
125 Amherst Street  
Nashua, NH 03060-2043  
(603) 883-3851 Fax: 883-5925

Mr. John Walters, President  
Philanthropy Roundtable  
1150 17th Street, NW, Suite 503  
Washington, DC 20036  
(202) 822-8333 822-8325  
*hiltable@aol.com*

Dr. Delores Wardell  
Licensed Clinical Psychologist  
540 N. Golden Circle Drive, Suite 114  
Santa Ana, CA 92705  
(714) 558-0971 Fax: 550-0166  
*wardell@pacbell.net*

Ms. Margaret MacFarlane Wright *mmwright@aol.com*  
 Attorney  
 A Professional Corporation  
 2472 Chambers Road, Suite 150  
 Tustin, California 92780  
 (714) 832-9440 Fax: 832-9545

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Chairman JOHNSON. Joe Kroll, the executive director of the North American Council on Adoptable Children.

**STATEMENT OF JOE KROLL, EXECUTIVE DIRECTOR, NORTH AMERICAN COUNCIL ON ADOPTABLE CHILDREN (NACAC), ST. PAUL, MINNESOTA**

Mr. KROLL. Thank you, Mrs. Johnson. I apologize for arriving late. I didn't travel as far as Mr. McKenzie, but those red-eyes can knock you out sometimes.

I just wanted to do a quick followup to the good news that was presented in April. We had a report from Hawaii just yesterday on the number of adoptions in this country. It is now up to over 8,800 above the baseline from last year. Hawaii went from 85 to 300 in 1998, so that is quite a remarkable story.

I probably will get as emotional as my colleague by the end of the presentation, because I too have been affected by orphanages, but I will wait till the end to describe my personal experience.

From my written testimony you will see statements by older children, who had experiences with institutional or long-term foster care, who cried out to be adopted; and I think we have to remember those children. And I was concerned about the 87 percent that Mr. McKenzie mentioned who have never contemplated adoption. Today, I don't believe that would happen because children are aware of their options. We are doing more for families who are adopting older children.

And I also wanted to report from our poster event that a sibling group of five Native American children from South Dakota were recently placed. These are tribal children and they have been placed in a permanent home. They had many calls for five children, ages 4 through 13. That is not a small sibling group.

So I think that times are quite different than they were 40 or 60 years ago, or 70 years ago when my father spent time in an orphanage.

Another thing that we know is that most of the children that are adopted from the public child welfare system are adopted through their foster families. Sixty-four percent of children who were adopted in 1997 were adopted by foster parents and another 14 percent by relatives. If the children weren't placed in a family, they wouldn't have that opportunity to be adopted by their foster family, and I think that is a very important issue. It is one that I forgot to put in my written testimony, which I wanted to emphasize today.

Also, if we look at the group of children who are preparing to be adopted, 69 percent are under 5, and 91 percent are under 10. Obviously, families are what these children should be eligible for. If we would choose an institutional setting, we wouldn't find families.

When we look at some of the items in the testimony, I think that we have to look at some of the outcomes that we have discovered in the research, and when Newt Gingrich in 1994 called for orphanages, we did a paper countering the call for orphanages. We looked at research on children who had been in institutional care, as compared to a control group of children who hadn't been in institutional care, and the children in institutional care from the research findings did not fare as well. That doesn't mean other studies haven't come along that suggest they fare very well. I think the point is that we know that children fare well in families.

I, too, had a strong work ethic, moral upbringing, a sense of responsibility in my family. I was raised by a single mother after my father died.

When we talk about the families who are adopting the older kids, I think one of the things we have to look clearly at is that the children who are being adopted today may be the very children for whom a residential treatment facility is needed. It is sometimes very difficult to get adopted children into those facilities because of the way the IV-D child support enforcement operates. States won't support families after they have adopted. I think we could place more older children if we said to the families, you will have support after the child is adopted. I think that is a very important message that we have to carry, and I think as the adoptions of children in the country continue to increase, as they appear to be, even in 1999, that more support is needed for the families.

One of the fears that I have had over time is that as more and more public agencies become bankrupt in the sense that they cannot handle the children in their care, they will turn to an institutional setting because someone can provide 50 beds when it can't find 50 foster homes. In Sunday's paper in Minneapolis it was noted that Ramsey County is desperately in need of foster homes. I don't think the alternative to lack of foster homes is institutional placements, but in some cases, it is easier for administrators to choose that. We have to be very careful to make sure that doesn't occur.

We also have to remember that today there are over 46,000 children in institutional placements, according to the AFCARS data. I think it would be useful for the committee to ask why they are there, what kind of placements they are in, ask some hard questions before you start considering legislative alternatives.

Finally, I did want to say that children who have grown up in families take something with them forever. Even though my father died when I was 9 years old, it was very clear to me that he had made every effort possible to keep his family together the way his mother had been unable to keep her family together when his father died at a very young age, and he went into an orphanage with his younger brother. My mother raised 4 children. She had the support of the family, and today, that 84-year-old uncle, who was in an orphanage with my father, is like a father to our family. He never had children of his own, but he is our father, and he is the only living relative on my father's side of that generation, and he is like family; and it is not something you can have if you graduate from an institution and have no family to go back to.



My father made sure we stayed together. We have had family forever, and it is something that carries over to our children and our grandchildren, hopefully.

Thank you very much.

Chairman JOHNSON. Thank you very much, Mr. Kroll.

[The prepared statement follows:]

**Statement of Joe Kroll, Executive Director, North American Council on Adoptable Children (NACAC), St. Paul, Minnesota**

Madam Chairman and Members of the Committee, I thank you for this opportunity to appear before you today.

I am Joe Kroll, executive director of the North American Council on Adoptable Children (NACAC). I also serve as the adoption chairman of the National Foster Parents Association. More importantly, I am a parent of two adult children, one by birth and one by adoption.

NACAC represents adoptive parents and parent groups, adoption agencies, adopted children, and most importantly the 110,000 special needs children waiting for families in the U.S. For 25 years we have been involved at the local, state, and national level as advocates for these children.

In this discussion we must listen to the voices of children who have experienced institutional care. The following comments are by David Forde at the closing session of NACAC's annual conference in Toronto in August 1986. David was a 16 year old adopted youth confined to a wheelchair because of cerebral palsy, but in no way confined in his perspective on life and family.

There are 350,000 children in foster care in the United States. Sixty thousand of them are legally free and waiting for adoptive parents. Of all these kids in foster care, about 35,000 are in institutions.

We are not getting enough children out of institutions. We have to get them out. Child caring institutions are NOT a family.

Let me share an example. When my brother Nicky had to go into an institution temporarily, we met a boy named Jonas. Jonas was 13 and had cerebral palsy. He went into the institution healthy. In a year and a half's time he went downhill. He got thinner and thinner, sicker and sicker. My brother was fortunate; he was able to come home. Jonas stayed. My friend Jonas reached his 15th birthday in the institution just before he died. He was an intelligent boy who never had the opportunity to leave and to share a family and give that family the chance to know what he could give. I know Jonas would NOT have died if anyone understood adoption and kept him out of that institution.

I want to issue you a challenge. I challenge social workers and lawmakers to find out how many kids are really in institutions and pass laws to put them in families, into adoption. GET THEM OUT. Parents and prospective parents too, GET THEM OUT.

As David said, "Child caring institutions are NOT a family." Even the best-run institutions are a poor substitute. Do house parents, who turn over every year or so, and shift workers provide the consistency of parents? The graduates of foster care who lived in institutions have no home to return to. Where do they go for Thanksgiving and Christmas? The institution cafeteria. Who calls on their birthday? The third shift worker?

Children should not be raised in institutions. Research clearly demonstrates that institutions frequently have adverse psychological effects that can impair people throughout their lives. In addition to the psychological harm to children, institutions are extremely expensive and create unnecessary financial burdens for the community. Yearly care in an institution costs at least four times as much as foster care and six times as much as welfare payments.

COUNTERING THE CALL FOR INSTITUTIONAL CARE OF CHILDREN

Given this information, why would anyone consider institutional care alternatives to family care? Let me summarize some arguments used to support the use of institutional care and offer a response to each of them.

*1. Some children are too disabled or so old that they cannot be adopted.*

NACAC's experience suggests that children with every possible disability or age or history of the most severe abuse have been adopted if parents receive an adequate level of support. The following statement was written in 1999 by a young man who spent more than a decade in foster care before finding a permanent family.

Hello my name is Jim. Let me start off by saying that my family is the most important thing to me. I would do anything in the world for them. I say this because I know what it's like to not have a real family.

I had lived in foster care from the time I was 4 years old until I was adopted when I was 16 years old. In those 12 years I moved 10 times and lived with many different families including my biological family. But for some reason nobody wanted to make me a part of their permanent family. We all know that rejection is painful. But could you imagine how a kid feels when a family rejects them? Not once or twice but many times. Time after time.

As I grew older I became withdrawn with my emotions and I didn't trust anyone. By the time I was 15, I had pretty much given up hope of ever having a normal life which included a family. I was doing poorly in school and didn't really have a plan for my life. I figured if nobody else cared why should I.

Then something good finally happened to me. I met my mom and dad. I could not believe somebody would actually want me as part of their family especially since I was so old. It took a long time for me to believe that there were actually good people out there who did not want to hurt me.

I'm grateful that I have parents that were there for me. As a young adult I've come to realize the importance of having a family. I know that them being there has been instrumental in my development as a productive adult and a caring person.

I'd like to finish by saying that everyone deserves a family regardless of how old they are. Everyone deserves a family.

Jim's experience has been duplicated time and again by "unadoptable" children, who have cried out for parents and have found one once someone believed they deserved a family.

### *2. Some children are so troubled that they cannot be raised in family settings.*

All children—birth, foster, and adopted who are in need of residential treatment should receive adequate care. One reason adoptive parents fear finalizing adoptions of emotional troubled children is the failure of the state to guarantee residential treatment for adopted children. Since some families have gone bankrupt or been forced to dissolve the adoption in order to obtain proper treatment, other families are afraid to adopt. These children do not need to be condemned to a life of institutionalization, as long as states guarantee support in their adoption assistance agreements. The committee should consider amending the Title IV–E Adoption Assistance program to allow for federal reimbursement of residential treatment.

### *3. There are not enough foster and adoptive families to care for all the children.*

We all know that the demand for foster and adoptive families exceeds the supply. If we are willing to invest more than \$50,000 per year to care for a child in institutional care, could we not invest in finding and supporting families. Through some perverted logic, the social welfare system is willing to pay more money as children move emotionally and geographically further from their families. Welfare costs less than subsidized adoption or family foster care, which costs less than group care, which costs less than residential treatment. By the time children reach residential facilities they are being parented by a business, not a family.

With resources, we can find the families children need. The dramatic increases in adoption reported to this committee in April are a testimony to the work of public and private agencies which engage in targeted and community based recruitment campaigns, offer post-adopt support, and raise foster family reimbursement rates and adoption subsidies to make parenting more attractive to middle class families who are already successfully raising children.

### *4. Successful people have been raised in institutional care.*

I'm sure you will hear stories of successful adults who spent time in institutional settings. I am pleased that they succeeded. However research suggests that outcomes for children raised in institutions are not always positive.

In 1995, NACAC published *here is a Better Way: Family-Based Alternatives to Institutional Care* as a response to calls for orphanages by former Speaker Newt Gingrich and Governor Edgar of Illinois. Our research showed the true effects of institutionalization on children:

- Institutionalized children are denied the opportunity to form a consistent relationship with a caregiver in their early years and are at serious risk for developmental problems and long-term personality disorders.
- Many insecurely attached, institutionalized children lack empathy, seek attention in negative ways, exhibit poor self-confidence, show indiscriminate affection to-

ward adults, are prone to noncompliance, and are more aggressive than their non-institutionalized counterparts.

- Insecurely attached children rebound from adversity far less effectively than securely attached children.
- With few exceptions, children reared in poor quality institutions fail to sit, stand, walk, and talk by age four.
- Close examination reveals that even good institutions harm young children, leave teens ill-prepared for the outside world, and cost over three times more than a permanent, loving family.

*5. Institutional solutions are attractive to child welfare administrators.*

According to AFCARS data as of March 31, 1998, 31,200 foster children are living in group homes and 46,800 foster children are living in institutions. Why do some social service administrators and politicians prefer institutional solutions for children in care? Because it is an easy way out of a perplexing dilemma. Where does this tendency to institutional solutions lead us?

For example, a county anticipates the need for 100 foster care slots for teenagers, so it decides to license 50 family foster care slots and contract 50 to a local institution. The family slots cost \$25 per day and the institutional slots cost \$200 per day. To guarantee the institutional slots, the county contracts with an agency for 50 beds at \$200 per day for 365 days at a total cost of \$3.65 million dollars. The foster care maintenance payments cost only \$456,250 for the year. To make matters worse, when a child is in need of placement, the institutional slot is likely to be used first because the bed is already paid for. An additional danger of this approach is that these institutions become self-perpetuating. Once an institution is open, it is not likely to close. Once it is full, it is easy for institution operators to build more institutions to keep up with the demand for open beds.

*6. Children are abused in family foster care.*

Horror stories abound in the child welfare system. Children returned to birth parents are murdered, children are sexually abused in foster homes, state-operated institutions run prostitution rings. Anyone promoting institutional care because children are abused in foster homes must acknowledge similar and worse abuses in institutions of all types.

#### CONCLUSION

As our mission clearly states, NACAC believes that every child has the right to a permanent family. This right should not be denied or compromised. Family is at the core of child development and lifetime relationships.

It is clear—from the passage of the Adoption and Safe Families Act of 1997 and the celebration of the dramatic increase in adoptions of foster children in April—that this committee cares deeply about children who need families. Why would you now consider an option that condemns children to a future without a family?

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Chairman JOHNSON. Nan Dale, the president and chief executive officer of the Children's Village, Dobbs Ferry, NY.

**STATEMENT OF NAN DALE, PRESIDENT AND CHIEF EXECUTIVE OFFICER, CHILDREN'S VILLAGE, DOBBS FERRY, NEW YORK**

Ms. DALE. Thank you. I have been president and CEO of Children's Village for the last 18 years, and during that time there has been a significant shift. I would like to talk for a minute about what some of that shift has been and whether, in fact, we are in debate with one another about what we are calling large group care facilities.

Children's Village runs a range of programs. We run foster boarding homes, adoptions, group homes, independent living programs, therapeutic foster homes, kinship foster homes, the entire range of services; but in the minds of many, when you think of

Children's Village, you think of an orphanage, and we are often asked if we are an orphanage.

We are not an orphanage. It is something we are rather prickly about. The reason that we are so prickly about it is because indeed we once were under the warm, fuzzy name of the New York Juvenile Asylum, founded in 1851, but since that time not only has the physical plant itself changed dramatically, but the kinds of services that we provide to children and families is vastly different from that which we provided when we were indeed an orphanage. We have had to reinvent ourselves as the kinds of children, who are referred to us, change dramatically.

I would say, on the one hand, that we are closer to the kind of school that Heidi Goldsmith describes as a boarding school, albeit for very, very, very troubled kids, than we are like an orphanage. We are also closer to being a children's psychiatric hospital than we are to an orphanage. Indeed, we are accredited by the Joint Commission of Health Care Organizations in much the same way that a children's psychiatric hospital is accredited; and the reason for that is because the only kids—the only kids who are referred to us these days are kids with serious and pervasive emotional and behavioral problems.

It was just said that only 7 percent of the kids in the Nation are sent to institutions. Well, if only 7 percent of a very vulnerable population to begin with, the foster care population, are being sent to residential treatment centers, then you can imagine that that end of the spectrum is a very troubled group of kids.

We are today, the sort of institutional descendants of orphanages referred to as residential treatment centers, and I underscore the word "treatment."

I would like to try to make five quick points in the 5 minutes allotted to me, now probably 4½ minutes. The first is that the issues are indeed very complex, as has been said. H.L. Mencken once said something I always thought was very important, which is that to every complex problem there is a solution that is simple, elegant and wrong. There is no simple solution to this. Neither adoption nor orphanages nor boarding schools nor kinship foster homes is the answer because the second point is that we need the full array of services. There is no one-size-fits-all, and if we skimp on any of these, we will have a system that doesn't work, and we have been skimping on what exists.

My third point is that we need to try to expand our thinking about what permanency means, and I think that is some of what you have been hearing from the other panelists. We need to include the notion that subjecting children to the fewest possible substitute care placements should be a critical consideration. Ideally, permanency should mean a permanent home in a family, whether that is biological, kinship or adoption, but for the two subsets of kids that I just mentioned—those with serious emotional problems and behavioral problems—a boarding school or residential treatment center, some form of long-term group care is the best option, and there is evidence to prove that it is a good option that works well.

I would like to talk, if I can, toward the end, if there is time, about who exactly these kids are; but let me say just very briefly that these are kids who have been so traumatized in their early life

that they can't tolerate the intimacy of a family, and they are the kids who behave in foster homes in ways that are so frightening to most foster parents that they say, get this kid out of my home. And as was just said, we at Children's Village regularly see kids who have been in 5 and 10 and 15 foster homes.

My personal record is 23 homes, if you include kinship homes, foster home, back to grandma, back to a foster home, to an aunt, back to a foster home, to a hospital, back to foster home, to another hospital, finally to Children's Village 23 placements later. That child, by the way, was 10 years old, and yes, there are 10-year-olds and there are 5-year-olds whose conduct has become so frightening that even they cannot be adopted.

So the next question is what works for such kids, and I know I have only a minute left, if that, but let me just tell you very quickly that in a study we just completed of one of our programs, called the WAY program, which is fundamentally an independent living program—we are grateful to the Committee for the work that you have done on independent living—we looked at a group of our kids who had left Children's Village in a 5-year period who are now all between the ages of 21 and 30, and what is unique about this study from the other studies is that these were all, 100 percent of them, were the kids who are the most severe emotionally- and behaviorally-impaired kids; and even with those kids, we achieved 80 percent high school graduation rates which compares to—well, I won't give you the comparison since the light is on—but 80 percent of those kids also were working full-time with a mean average salary of \$23,000, and if you looked at arrests for criminal behavior, only 8 percent of them had been arrested, this from that tiny percent of severely disturbed kids.

So, in conclusion, it is clear that there is a need for residential services but not just for kids who are simply disadvantaged but for the super at-risk kids who one of my colleagues referred to as the "frequent fliers." We need to do more and we need to do better for them, and the existing resources are not meeting the needs even of this very, very needy population.

Thank you.

Chairman JOHNSON. Thank you very much, Ms. Dale.

[The prepared statement follows:]

**Statement of Nan Dale, President and Chief Executive Officer, Children's Village, Dobbs Ferry, New York**

My name is Nan Dale and, for nearly two decades, I have had the privilege of serving as President and CEO of The Children's Village, one of the nation's oldest child welfare agencies. The Children's Village is a member of the Child Welfare League of America (CWLA) and I am a member of the CWLA Board of Directors and I chair its National Advisory Council of Executives. My testimony today is intended to look broadly at the child welfare system of care for children—at how best we can achieve our collective aspiration of providing all children with a decent life—and, to the extent possible, with "permanency." Given the emphasis of the hearings on examining the role of *adoption* and of *orphanages* as permanent placements, I will include some critique of these issues in my comments.

Most people associate the name "Children's Village" with being an orphanage. It is not an orphanage. We're very prickly about that. Like many of the large group care facilities, we once were an orphanage. In 1851 we were known by the warm, fuzzy name of the New York Juvenile Asylum. Well over 1,000 children lived in a large building in the city, sleeping in row after row of metal beds, eating in a cavernous cafeteria, working, and attending school at the asylum. Then, at the turn of the century, the Asylum Board bought 250 acres north of the city and built a small

town, changed the name to Children's Village, moved the children into houses in small neighborhoods around a central quad, constructed a school, recreation facilities and hired mental health specialists. They proudly pioneered in creating a therapeutic community—a safe, predictable, stimulating environment with an emphasis on treatment services.

Today, Children's Village operates as a residential treatment center (RTC), one among many of the institutional descendants of orphanages. Our RTC is the largest such child welfare institution in the United States. It is not the only program we run—in fact we provide a full continuum of child welfare and mental health services—preventive, foster/adoptive (including therapeutic and kinship foster homes), group homes and residential treatment. But, in the minds of many, Children's Village is synonymous with orphanage. There is, in fact, an enormous difference—a difference that is driven by the necessity of re-inventing ourselves over the last several decades to serve the highly disturbed and immensely difficult children and adolescents who are referred to us. We see those youngsters with serious emotional and behavioral problems. Our RTC, like most, functions more like a boarding school than an orphanage—more like a children's psychiatric hospital than an orphanage. Essentially, it is a highly structured, heavily supervised boarding school with intense treatment services for children and their families. Most importantly, it is very, very successful in working with a shockingly troubled and even dangerous population of kids. Our RTC is accredited by the Joint Commission on Accreditation of Health Care Organizations (JCAHO), as is a children's psychiatric hospital. No one requires that RTCs be accredited, an issue I'd like to return to later.

I'd like to make 5 overarching points and then to present some general comments and facts that bear on the question of whether or not we should be “bringing back the orphanage.”

First, the five (5) overarching points:

- The issues are complex.
- We need a full array of services.
- We need to expand our thinking about what “permanency” means.
- There are some children who do best in long-term residential placements—especially seriously mentally ill children and those with early, dangerous criminal patterns of behavior.
- There is strong evidence that residential group care works well for that population.

I will take each of these in turn:

(1) *The issues are complex*—I agree with H.L. Mencken, who said that, “For every complex problem there is a solution that is simple, elegant and wrong.” Any one size fits all solution is doomed to failure. The idea that all kids are adoptable or that bringing back orphanages will solve our problems is, simply put, “wrong.”

(2) *We need a full array of services* for children—and for families. We need preventive services to help preserve families; we need foster families and supports for kinship family care; we need strong adoption services; and we need several different kinds of group care facilities (group homes, residential treatment, supervised apartments, etc.), along with after care and independent living services. If we skimp on any of these, we will have a system that doesn't work. We have been skimping.

(3) *We need to expand our thinking about what permanency means* and include the notion that subjecting children to the fewest possible substitute care placements should be a critical consideration. Ideally, permanency should mean a permanent home in a family (biological, kinship or adoptive), but for a sub-set of kids in the child welfare system permanency is best achieved by long term care in a group setting—a boarding school or residential treatment center (RTC). And, let's face it, most RTCs function like boarding schools—albeit schools for very troubled kids from mostly poor families.

(4) *Two categories of kids in the child welfare system should be provided with long term residential care as the best permanency plan—those with multiple family placement failures who evidence severe mental health problems or those with serious anti-social, criminal behaviors.* These are the kids who are repeatedly placed and replaced in foster homes and/or psychiatric hospitals—they are the “frequent fliers”—the kids who require an enormous amount of child welfare, juvenile justice and mental health resources.

These are kids who have been so traumatized by their early life experiences that they cannot tolerate the intimacy of family living, at least not until they get some long term treatment in an environment that is highly structured and in which they feel safe. These kids behave in ways that are so scary to foster families that they kick them out again and again. Not uncommonly they have numerous failed placements and/or have been repeatedly hospitalized. They are not candidates for adoption. It doesn't work for them—in too many instances they've been compelled to go

to a pre-adoptive home, only to experience yet another placement failure. At Children's Village (CV) we've had kids come to us after 10, 15, or more placements. Our record is a boy who had 23 failed prior placements (including back and forth to various kin and in and out of the hospital). He was 10 years old. One kid who finally got to CV, refused to unpack—that is, he refused to unpack the few clothes he had from the green garbage bag the city had given him for his belongings. "Why should I unpack," he said, "you'll be sending me somewhere else soon."

Before describing these kids in greater detail, let me make my fifth major point.

(5) *There is strong evidence that residential group care works well for very troubled youth.* Over the last 15 years, we have been researching one of our programs—the WAY Program, an Independent Living Program, with a unique, long-term after care component. WAY is targeted at our older youth transitioning out of the RTC. The study examined the outcomes for those in the program who left the RTC between 1989 and 1995, all of whom were between the ages of 21 and 30 at the time of the study. These youth were nearly all from New York City's most impoverished communities, all had been special education students when they came to CV, 66% were African American; 27% were Hispanic—all had some constellation of the characteristics I've just described.

High school graduation rates are generally viewed as the single best predictor of adult success. Research showed that 80% of the RTC kids who had been in the WAY Program had graduated high school, earned a GED or were still in school. These results are dramatically better than graduation statistics on comparable groups.

High School Completion Rates:

*Children living below poverty level: 53%*

*New York City special education students: 61%*

*New York City Hispanic students: 64%*

*New York City African American students: 68%*

*WAY participants: 80% (all former RTC residents)*

Further, 80% of WAY alumni studied were employed with mean earnings for full-time workers of \$23,000. The study also checked criminal arrest records of alumni and found that only 8% had been arrested for violent crimes since age 21. On average, these kids were in our RTC just over 4 years and roughly half were then able to return to live with a family member—the others moved on to live in one of our group homes.

Let me describe for you in slightly more detail the two kinds of children who, I believe, should be provided with a different kind of "permanency plan." These kids need a plan that recognizes their need for a stable, long-term placement *and* that recognizes that they may never be able to live in a permanent family. We don't want to automatically dismiss the option of permanency with a family. However, we must not presume that permanency with a family is the only, or the right option. For these very troubled young people, graduating from a group residential facility and becoming a productive adult without serious problems—mental health or criminal—is a good outcome. For many, family *contacts* have been maintained while they have been in care at the same time that the youngster has come to accept that his family is not available to him on a permanent basis. He is not an orphan. He is a graduate of an RTC—cum-Boarding School. Can we not find a way to see this as "success," not a failure of permanency planning—both for the child welfare community and for the individual children who work so hard to overcome such overwhelming odds?

*Youth with severe mental health problems:* With the advent of Managed Care and the concomitant near elimination of long term psychiatric hospitalizations, the child welfare system is serving alarming numbers of serious emotionally disturbed children and adolescents. Funding from the state departments of mental health have not made the same journey across systems. More importantly, RTCs, the best-equipped programs to serve these kids, have not been given the freedom to develop new models of care for these kids.

Some of these children could be kept at home or prevented from a record of foster home failures if we could provide a combination of intensive, community-based services, with the back up of using RTCs as short-term treatment options for the whole family. Funding among and between systems must be flexible. Mentally ill children in the foster care system must be able to access services and resources under federal and state mental health programs.

- Who are they? They are kids who have been chronically and repeatedly abused or neglected—many have been sexually abused. At CV, there is evidence that nearly half the boys in our care have been sexually abused. Some have not been abused but have neurological and bio-chemical pre-dispositions to mental illness—and, often have been cared for under chaotic circumstances by a family member with serious mental illness or substance abuse problems. These children are nearly always far

behind (or barely functional) in school, they have virtually no age-appropriate social skills. They have had no childhood. They are filled with despair—and, sometimes, with rage. About half have no viable family member willing or able to care for them; the other half do. With help and support, these families are eager to be good parents. Not all kids get into this kind of condition because of inadequate or dysfunctional families—sometimes it's quite enough to be living in a community of violence, with decrepit schools, no jobs and drugs everywhere you turn.

- *What do they do?* Mostly, they are terribly destructive to themselves and to others. At the mild end of the spectrum, they are so despondent, disoriented and distracted that they cannot learn. They don't know how to play or to ask for help. They wake up screaming at night, they wet or soil themselves—though they are long past the age that such behavior is accepted in the real world. They are volatile and seem to have little or no control over their impulses. They are wary of everyone—especially adults. The more seriously troubled kids are suicidal or seriously self-injurious. One boy we had would stick pins in his scalp. Some eat objects like batteries and tacks and suck their skin raw. Some set fires, hear voices telling them to do bad things, act out in sexually inappropriate ways, torture animals, and lash out at others at the slightest provocation.

*Youth with a history of serious anti-social, delinquent behaviors:* David Fanshel, whose work inspired the permanency planning revolution, also identified a “second stream” of children in child welfare, which he says should not be subject to the same rules. These kids, he estimates, represent about a quarter of the children in child welfare. For them the goal should be to “forestall the evolution of full-blown deviant careers,” not to find them permanent homes quickly.

- *Who are they?* They are often kids who have been out on the streets and out of school for a long time, living by their wits or involved with a gang. Many regularly use drugs and alcohol—some are addicted. They often have a string of juvenile arrests for both petty and serious crimes. They may have been used and abused sexually (we've had kids who had been sold into pornography from the time they were babies—one boy had been dressed by his mother as a girl and sold to a porno ring). They've learned to steal and to con at an early age and they've been rehearsing those skills for many years before they come to us.

- *What do they do?* Sometimes they are indistinguishable from the group I've just described in that they often show tremendous depression but more of their actions are focused outward, at others. They steal, lie, and stalk victims. They hurt people. Some seem to have lost the ability to feel empathy. All seem to see the world as a hostile place and to behave in ways that reinforce their alienation from it.

Now, here's the most shocking news of all. These kids are kids. They are afraid of the dark, afraid of themselves, and afraid of the world that has offered them so little protection and help. Underneath the despair and the rage there is a child who desperately wants our help. *They are not all that difficult to reach or to turn around. But it takes time and it takes money. And, it requires that we take them out of the revolving door of foster home placement and replacement . . . out of the adoption failure syndrome . . . and provide them with a sense of permanency through long-term group care.*

#### ARE ORPHANAGES THE ANSWER?

The question of whether or not to bring back orphanages has been lurking in the wings of child welfare for a least a decade. Unfortunately, people on both sides of the debate frame their arguments in such extreme terms that the best interests of children are being sacrificed to the controversy. If there is to be a thoughtful debate on the issues, we need to hear what each side is not saying.

On the one hand, most child welfare professionals—people like myself—cannot even bring ourselves to say the O-word, at least not in public. To us, bringing back the orphanage means dropping down a rung on the evolutionary ladder. But, here's what we're not saying. We are not saying that group care facilities are bad for kids or that no child should ever live in an institutional setting. We are saying that we are mighty skeptical because what we really think is that society is looking for easy, cheap solutions to immensely complex issues. We believe that if orphanages are brought back, no matter what you call them—they will be so poorly funded, like all other child welfare services, that we'll be back to talking about kids sleeping in rows of metal bunks, eating mush, and the like. Therefore, we reject out of hand any discussion about orphanages or any variation on the theme.

Most of us believe that the notion of orphanages is a cop out—a way of avoiding fixing neighborhoods and schools so that low income families can rear their own children in safe, thriving communities. Also, most child welfare professionals genuinely believe that foster homes (with their potential to become adoptive homes) are



the best option for most children who must be removed from their families and cannot be placed in a kinship foster family home. We further believe that only those children who cannot be served in foster or kinship homes belong in residential treatment centers. Most of us believe that if the entire array of child welfare services—from preventive services to foster family and kinship care to residential group care were better funded, there would be no need to talk about orphanages.

So, on one side of the debate, you have child welfare professionals saying “before you do anything as drastic as bringing back the orphanage, why not fund what you have properly so that we can do our jobs really well—then you won’t need orphanages.” Our fear of a return to the bad old days is so great that we are unwilling to deal with the arithmetical fact that, in some areas of the country, there are simply not enough willing, able foster parents. Something must be done.

On the other side, you have people who say, “the child welfare system is broken beyond repair . . . there aren’t enough decent foster homes to go around . . . let’s bring back the orphanage.” What proponents of orphanages are not saying is that orphanages are the best option. Rather, they are saying that “a good orphanage is better than a bad home”—a phrase that was much bandied about at the turn of the century when orphanages were in their heyday. But, when you really press most of the proponents of orphanages, what they are really describing is what might better be called “boarding schools”—facilities where kids from really horrible home situations—or no home situation at all—can live safely and get a good education, discipline, supervision and strong moral teaching.

What they are not saying is that this is cheap. To run a responsible “orphanage,” with a good school, in today’s economy is expensive. And, what they are not saying is that kids prefer orphanages. They, too, acknowledge that what most children, even those from really abusive homes, want most is “parents.” What they are saying is that we’ve run out of parents—and, that they are skeptical, at best, that kinship families can fill the void.

If we are going to have a serious, realistic public debate, some of us will all have to overcome our reflexive revulsion to the word “orphanage” and others will need to give up their off-handed rejection of the child welfare system. We need to examine fairly and honestly what it is we believe kids need and whether we can fund and implement the best options. To do so, I’d like to divide the rest of these comments into two categories:

(1) What are the real costs, practical considerations and options to rear productive citizens?

(2) Can existing child welfare services and constructs be strengthened or better targeted to meet the need?

*What are the costs, practical considerations and options?* Most of those calling for bringing back the orphanages are talking about removing children from impoverished, high-risk communities and families considered unhealthy for children. Without debating who gets to decide what is “unhealthy,” let’s assume that  $\frac{1}{4}$  of the children receiving TANF funds would be so designated—or some 1,372,296 children (as of 9/97), not counting the current 500,000 already in the child welfare system.

To provide around-the-clock care to children costs, at an absolute minimum, \$100 a day (not counting construction of the facilities, schooling, medical or mental health care)—\$36,000 a year per child or \$49.3 billion to cover the cost of basic care for  $\frac{1}{4}$  of those on TANF. By comparison, the cost of keeping a child in a foster home is roughly \$25.00 a day, under \$10,000 a year.

If one of the reasons for considering orphanages over foster homes is that there are not enough good foster families, there are other options worth considering. When there is a market shortage of needed personnel in a particular field, salaries go up and training programs are created to lure people to the profession. Nothing comparable has happened in the foster parent profession. In 1996, the average monthly board rate paid to a foster parent was \$431 per month. Yet, the USDA Report on Expenditures on Children by Families in 1998 estimates \$686.67 to \$778.33 per month to cover the expenses of a child in a middle income family. Would it not be worth experimenting with increasing the reimbursement to foster families and providing training and other incentives to encourage more good people to pursue foster parenting as a full time vocation. If it worked, the savings would be enormous and kids would be able to experience family living as well as the possibility of adoption if they were not able to return to family in the long run.

Another option worth considering is the real boarding school model—possibly as a 5 day a week program. I have mixed feelings about this option, as I do about Charter Schools. We need to fix public schools so that they provide a good education to all children in a community but, like many people, I have grown impatient with those willing to sacrifice another generation of children while they wait in crumbling buildings for someone to fix that little problem. Providing underprivileged kids

with boarding schools is a terrific idea but it is not cheap. There is the potential to combine pots of money—education and social services—in a way that can make it cost effective. One thing for sure is that in terms of kid’s self image, it’s a whole lot more acceptable to say you’re going away to private school than that you’re living in a orphanage. This is not small consideration. Boarding schools for high-risk kids is a terrific way to support families on the edge and to turn around a generation of under-educated kids.

When people come to visit Children’s Village, their most frequent observation is that it looks and feels like a private boarding school. I’ve even had government officials say to me, “We ought to close those institutions and open more places like this.” Then, I explain we are an institution, by government designation. But, in every way that matters, we function like a boarding school, albeit one for extremely troubled kids—and, because our students are so severely troubled, it is a school with intense staff supervision, small classes and intensive mental health and medical treatment services. As I’ve already mentioned, any private school for disadvantaged kids would be proud of our school success. But, what they don’t want to hear is that such success comes at a high cost, some \$50,000 a year, without counting the school costs.

There are those who argue that the cost to run an orphanage-like program is much lower than the \$100 a day I’ve estimated. I don’t believe it. The model they are talking about involves hiring “moms and pops” to care for kids and using the kids to do much of the work at the facility. I don’t believe such a model is realistic today, except on a very small scale, for two reasons. First, if the “mom and pop” you hired don’t work out and you need to fire them, it is like firing the kids’ parents—and hitting the kid in the gut with yet another traumatic loss. I used to run such programs but stopped because they rarely work for long. Mom and Pop teams burn out quickly and they have a nasty habit of wanting to go to sleep at night. That brings me to the second reason this cheaper model rarely works. Kids—especially adolescents—need awake care at night. The kids, even the less troubled ones, often have night terrors, and some kids victimize others at night. With a house full of adolescents, someone always is out past curfew, needs hand-holding and the like.

My experience is that having a core group of approximately 6 people per home, around the clock, works best. The kids become attached but if one person leaves or is fired, their world doesn’t collapse. Facilities must be open 24 hours a day, 7 days a week. When you factor in social work services to work with the family, to maintain sibling contacts and to ensure appropriate case planning plus food, clothing, recreation and other essentials, it costs over \$100 a day.

Further, the days of teaching kids to farm or to be a cobbler and then placing them in apprentice positions are long gone. We need to teach them computer skills and how to use high tech equipment, along with work ethics, if they are to have any real chance of success in their future.

There are two other *practical considerations*:

(a) Site-ing is an enormous barrier. Finding available sites for large facilities or even group homes, and getting local zoning board approval, is extremely difficult and lengthy—as in years and years of work. NIMBY (Not In My Back Yard) is alive and well. It is always an ugly and lengthy battle to get all the required permissions to open even one group home for 6–10 kids. I’ve been turned down for ideal locations. I’ve often tried to imagine the scene that would ensue if I tried to open Children’s Village today in the small, picturesque town we’re in—with our 40 buildings and 150 acres—and 325 seriously troubled, inner city kids. It wouldn’t happen. I’d lose. No doubt about it.

(b) Assuming land or facilities are acquired, who will pay the construction or renovation costs? Currently, most states do not provide capital funding for facility renovations, much less construction. At Children’s Village, our 100 year old buildings were falling apart because there was no mechanism for acquiring public funding for restoration and major repairs. Ultimately, we sold land, took out loans and raised private dollars to acquire the \$23 million needed just to repair the 21 houses in which some 300 children reside. Where would the funding come from for orphanages? One proposal being whispered about is to convert defunct military bases to orphanages. Now there’s a step forward. What makes places like Children’s Village work is that the environment is home-like and children live in as close to a family like environment as any institution can provide. Most of the large residential facilities opened long ago, when there was land near to the urban areas. It has been a happy coincidence that as agencies have recognized the need to maintain family contacts, most residential facilities are within easy transportation reach for regular visiting. Building such facilities today would be astronomical. If they could be built at all, the locations would likely be far from family contacts. Kids need to maintain

those contacts even when they are unable to live with their family—there are costs associated with maintaining these contacts.

*Can existing child welfare services and constructs be strengthened or better targeted to meet the need?* Broadly speaking, the child welfare system needs to be far more adequately funded to prevent the need for out of home care of any kind. Too many families are struggling to rear their children in communities that resemble war zones, with inadequate and under-funded schools, little or no health care, lack of adequate and affordable housing and lack of community recreation or work options. That families find it nearly impossible to reverse the odds and make a solid future for themselves and their children should come as no surprise to anyone.

Removing children from homes where they are not being abused and neglected is no solution to the problems that plague America's families. Rather, it is an abdication of our responsibility. To renege on the future for entire communities by pouring money into orphanages—or boarding schools—instead of providing decent neighborhood schools, affordable housing and general preventive counseling services is unjust.

We already have a system for removing children from their families who have been abused or neglected. The major problem with child welfare is that as the needs of kids have changed and as their problems have been made all the more serious with the three headed monster of Crack, Homelessness and AIDS at their doorstep, the system has not kept pace. There has been a steady erosion of available resources.

The entire array of child welfare services is needed—along with some new approaches—so that we can tailor the help to the needs of individual families and children. What follows are some specific suggestions on how existing services can be strengthened followed by two new, proposed approaches to using group care differently, no matter what you call it. First, the overarching recommendations:

- Every community must be expected to provide the full array of services: prevention, foster care, kinship care, boarding homes care, adoption, residential treatment, group homes (and related community support programs), and independent living services. These must be adequately funded.
  - The federal payments to states through the Title IV–E Foster Care and Adoption Assistance must not be capped. It must be maintained as an open-ended entitlement.
  - Congress should pass this year, the Foster Care Independence Act, H.R. 1802, which doubles the federal funding for the Title IV–E Independent Living Program.
  - Federal funds for prevention should be drastically increased. The Adoption and Safe Families Act reauthorized and made some increases in funding for the Promoting Safe and Stable Families Program (Title IV–B, Subpart 2) which states use to provide services to children and families so that children will not need to be placed in foster care.
  - Congress should provide the authorized level of funding of \$325 million for the Title IV–B Child Welfare Services Program and \$2.38 billion for the Title XX Social Services Block Grant. These two programs provide major sources of discretionary funding for states to protect and care for abused and neglected children.
- After-care services must be mandated. The work of this committee on the Independent Living bill was magnificent and I thank you. The only thing missing, in my opinion, was the expectation that every child leave care with *long-term after care services, especially with the help of a paid professional mentor*. Our own research bears out the importance—and the cost effectiveness—of such a model. This can't be left to the states—they're not doing it. You must make it happen.
- Child welfare services in general, and residential treatment centers in particular, must be required to meet certain *national standards* and *be accredited*. We would not think of sending our own child to a hospital that wasn't accredited but we expect poor people to send their children to facilities that aren't. This is an easy, low cost improvement.
- We need increased resources in order to make better initial assessments so that children are quickly placed into the most appropriate service. Kids shouldn't have to fail to get to residential treatment. Everywhere there are long waiting lists of extremely troubled youth waiting too long for the help they need. Now, while they wait, they bounce from home to home, often ending up on the streets, further victimized, or in the criminal justice system, having committed some heinous crime. To meet the needs of these children and young people, residential services that can respond to their complex problems must be increased.

New approaches are needed to address the needs of the two specific, poorly served populations mentioned above: the youth in the child welfare system who seem to be headed for a life of crime and those with serious mental health problems. These two populations cost us the most in child welfare budgets. The first might be better served by longer term care akin to a boarding school; the other, by highly targeted stays in RTC to preserve placements in their own, foster, kinship or adoptive homes—or, for some, with long-term residential care.

Arguments for “permanency” and shortened length of stays for all children must fall when confronted by the actualities of troubled children, whose current problems cannot be adequately resolved and whose future potential cannot be adequately realized within such wooden standards.

In summary, there is a clear need for more residential services—but not for kids who are simply disadvantaged, but for super, at-risk kids and for those who require intensive treatment. Now a-days, the Residential Treatment Centers are more or less filling that role. They are serving a very, very troubled population—kids who have been repeatedly abused, physically and sexually—kids who are filled with incapacitating despair and/or frightening rage. Even with these kids, who almost no one argues should not be in a group care facility, we are fighting constantly for the funding we need to run such facilities effectively.

At present, there is little evidence that we, as individuals and tax payers are willing to do what it takes and pay what we must, to have the full array of good child welfare services—or, good orphanages. Indeed the record shows, over and over again, that we are not willing to pay more than lip service to the welfare of our children. And that is why nobody who really cares about children wants to say the O-word.

Thus, we bridle at any discussion about bringing back the orphanage. Secretly, we admit—only to one another—that there are many, many other children who ought to be in some kind of group care facility if we are to achieve the best possible outcome for them. We worry that if such facilities are built and funded, then the essential services to the most needy will be further shredded. Nonetheless, when we talk about it, we envision places that are well run, well funded, residential schools—the B-word—Boarding Schools, not the O-word. Never the O-word.

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Chairman JOHNSON. Reverend John Smyth.

**STATEMENT OF REVEREND JOHN SMYTH, EXECUTIVE DIRECTOR, MARYVILLE ACADEMY, DES PLAINES, ILLINOIS**

Rev. SMYTH. Good morning, Madam Chair and the committee members.

Chairman JOHNSON. Sorry, I forgot to mention, the executive director of the Maryville Academy of Des Plaines, IL.

Rev. SMYTH. Correct, I have been there since 1962. Maryville was started in 1882. The kids think I have been there since 1882, but I am struggling through that.

Last year we served over 16,500 children who were physically and sexually and emotionally abused. We receive all the children from the Illinois Department of Children and Family Services and through the juvenile court system, and we have developed Maryville in a no-decline situation so that Maryville can be a safety net and a help, because I totally believe in adoption, as I totally believe in foster care—I totally believe in all those—but in the social service world, they have limited the options of permanency, and I wish they would expand them.

Insofar as adoptions today, Director McDonald has done an excellent job in getting adoptions. I think they went up to 5,500 last year, and the goal for the year 2000 is 6,500. My only worry about that is, many of these homes—I haven’t got an exact number—many are set to explode because there has been a rush to meet the

Federal mandate and they are not getting the support. But I have developed Maryville to be a safety net for the children who are exploding out of foster care, and I think that is what part of an agency goal today is.

Maryville is different now than when I came in 1962. It is a therapeutic center. It has options for many children, and the idea is that if any child in the Cook County, Chicagoland area has a problem, we can go out and serve them. We operate on a no-decline system. We would never kick a youth out. If a boy has to leave or a girl has to leave for incarceration, when their term is up, they come back to Maryville, or if they go to a psychiatric hospital, they come back to Maryville. I want to have Maryville as a unique safety net to promote adoptions and promote foster care.

We do run a big foster care program ourselves which—about 45 percent of them become adoptive parents, and we do have, I hope, a very good support system for those adoptive parents.

I am talking about the people, as was just mentioned, that fall through the system. They need help, and I believe that the role of the agency today is a lot different than it was 25 or 30 years ago. The agency today has to stick with the youth much longer, they are more fractured. Yes, they have gone through 10, 15, 20 foster homes, but that doesn't mean that that child is useless, and I think every agency should really look to a point of—really, independent living is extremely important, which we run, and transition living, to get those youth that are ready to face the world in the economics and in skill development.

I believe there is a role of agency today to specialize in taking care of this population that falls through the cracks and that is happening very, very rapidly, and those children that are not adoptable, and they will never be adopted, and anybody who works with children know that there are a certain number of children that will never be adopted and will never go into foster homes. They are the youth that I think agencies should look to and say, "Hey, we can serve this population" and you have to develop your own service complex to be able to serve those in a very thorough way, a very permanent way, and you can give them permanency.

I believe permanency is a state of mind, heart and soul. It is not written on a piece of paper that you are adopted or you are in a foster home or you are in an agency. I think an agency has to be operated for the sake of the child, not for the sake of the agency; and it is a world of difference if you are operating one. If you are operating for the sake of child, you never close 365 days a year. You look at the individual—and I say "individual"—treatment plan and the God-given abilities of that child and you go to that child and say, "Why was this child kicked out of 15 foster homes or 20 or whatever it may be?" And every case is unique. You look, and that child has to be answered. Or she will answer and say, "I want to be this or I want to be that"; and then you open the doors for that child to make that child a developing person so they can face the community.

I think that the social service world would take a very, very great step forward that—when it comes to say, this child should go from an agency or to some place, into a foster home or adoptive home, and especially when they get to that tender loving age of 13

or 14, I would think they would ask the child, what do they want, instead of mandating a permanency plan.

It would be a novel idea to think what we are going to do for the best interest of the child. I think if an agency looks at the best interest of the child, saying, what do you want to be and we will create the road for that and we will open the doors for that.

One of the big things that I would like to mention, too, is the success of many of our children in the residential care at Maryville reflected in our alumni association, which was mentioned before, successful young men and women coming home and giving back, and these men and women with intact, loving families have formed a strong alumni group that continue to support children in need and to volunteer at Maryville events and the family affairs and realize that they would not have become the productive citizens without Maryville.

I think there have to be many resources for the children and don't deny any of them. Thank you.

[The prepared statement follows:]

**Statement of Reverend John Smyth, Executive Director, Maryville Academy, Des Plaines, Illinois**

I. INTRODUCTION

Good morning Chairman Johnson and Committee members. My name is Fr. John Smyth. I am the Executive Director of Maryville Academy located in Des Plaines, Illinois. I have been at Maryville Academy since 1962.

Maryville was founded in 1882 by Archbishop Patrick Feehan as St. Mary's Training School and today is the largest residential child care facility in Illinois. From the beginning, Maryville has been home to children of all races, religions, and ethnic backgrounds. Over the last year, on a long-term and short-term basis, Maryville has been home to over 16,500 physically, sexually, and emotionally abused, abandoned, and neglected children and drug dependent newborns.

Children come to Maryville from the Illinois Department of Children and Family Services and through the Juvenile Court systems. Maryville will not decline entrance for any child; and once they come to live here, we will under no circumstances ask for that child's discharge. At times, children will have to leave to serve time for offenses committed or for periods of psychiatric hospitalization, but we will re-admit that child upon release.

Today, Maryville Academy operates twenty-one facilities offering short-term shelter care, long-term residential care, foster care, therapy and counseling, services for addicted mothers while giving care to their drug addicted newborns, providing safety for children who must testify as witnesses in criminal cases, residential care for pregnant teens and their infants, and mentors for children who leave our facilities.

Despite the gangs, crack cocaine, drugs, and violence of today, Maryville's mission remains to protect and provide specialized services for youth in need and to insure their rights and always advocate for the least restrictive program alternative for children. Whenever possible, youth will be returned to their natural parents, extended family, foster care homes, or community-based group homes.

II. WHAT IS BEHIND ILLINOIS' NUMBERS?

Illinois has done a commendable job increasing the number of adoptions to 5,500 this past year, with the goal for the year 2000 of 6,500 adoptions. What statistics don't show is the number of adoptive or foster placements that have failed. Abused, neglected, and abandoned children have difficulty adjusting to a family environment and the adoptive or foster parents ask for their removal. Many foster placements end abruptly and adoptive parents receive no help since these children are no longer in the child welfare system. Agencies such as Maryville Academy are there to provide a "Safety-Net" for these children with no alternatives.

Illinois is making it increasingly difficult for children to be placed in residential care. The number of residential beds in the Illinois budget is continually in jeopardy. Illinois does not list residential care as a permanency option in published materials. Illinois' permanency measures are: subsidized adoption, subsidized guardian-

ship, adoption, guardianship, and kinship foster care. If residential care is eliminated, thousands of children in Illinois will have no where to go. The LANS (wrap-around services) to keep a child successful in adoptive or foster care reads as an excellent document; however, after several months or years of placement, children and families still do not have these services in place due to the bureaucracy of funding to provide these services.

### III. CHILDREN NEED CONTINUED SUPPORT WHEN PLACED IN ADOPTIVE OR FOSTER CARE FAMILIES

Children who achieve early permanent placements in adoptive families have better chances of achieving strong self-esteem, self-identity, and self-worth. For Illinois to achieve early permanent placement for children, it must provide the services to assure successful placements. Children bounced between multiple foster families or placements have difficulty bonding with others. Children must be provided with services to help them deal with the trauma and to provide the skills to bond with foster or adoptive families. Many of these children are not adoptable. Many of these children will require the professional expertise of an agency that can provide psychiatric care, therapy, special education services, and one-on-one staff if necessary.

While states continue to promote adoption as the best permanency goal, the state must also provide the services for these adoptions to succeed. They must provide pre-placement services, counseling and therapy, and respite care.

### IV. RESIDENTIAL CARE AS A SAFETY NET

For children that do not have adoption as an option, permanency goals and stability must be provided. Residential Child Care Facilities can provide stability and permanency goals to prepare children for adulthood and matriculation into society. Realistic goals must be set for children and states should not follow a policy of imposing one permanency option on every child. Individualized needs of each child must guide the placement decision. Residential care must be viewed as a viable placement and permanency option, along with adoptive and foster care.

Maryville Academy has been successful because we focus on teaching children to live within a family environment. Under the "Family Teaching" model of child-care, which was developed at the University of Kansas, professionally trained live-in teaching parents supervise a carefully structured home environment. The parents work to ensure that the needs of each child are being met. The premise of the program is that behavior is influenced by the consequences of that behavior. We reward proper conduct and discourage improper conduct and help the child develop skills to live independently and successfully in society, without relying on the welfare system.

For children striving toward independent living, Maryville offers a career development program which prepares youth to be economically independent and self-sufficient. The program stresses the values and ideas of the work ethic as an alternative to welfare. The program offers employment opportunities and corporate-sponsored junior achievement programs. Maryville also provides a scholarship to any child who is accepted into a college program. During their college years, Maryville continues to mentor and support these children and provide summer jobs if necessary.

All Maryville children are offered a year-round athletic and recreation program which promotes sportsmanship, team cooperation, and fun. Volunteer coaches are trained through the American Coaching Effectiveness Program which teaches "Athletes First and Winning Second." Maryville's children participate in a variety of organized sports and teams are evaluated on ten sportsmanship criteria and rewarded for cooperation, team play, and sportsmanship.

The success of children in residential care at Maryville is reflected in our Alumni Association. Successful young men and women coming home and giving back. These men and women with intact loving families have formed a strong Alumni group to continue to support children in need and to volunteer at Maryville events; and realize that they would not have become productive citizens without Maryville.

We must continue to provide residential care for children who cannot succeed in foster care or adoption. Years ago, I would receive calls from parents begging for help with their adolescent son or daughter. I still get those calls, but now the children are six, seven, or eight, not thirteen, fourteen, or fifteen; and now the parents are not the natural parents but foster or adoptive parents. By eliminating residential care for children you will eliminate the "Safety-Net" and these children will be doomed. For the children, who cannot succeed in adoptive or foster homes, residential agencies can provide a nurturing environment, specialized services, individualized treatment plans, and hope for a successful future.

Chairman JOHNSON. Thank you very much, Reverend Smyth, and I thank the whole panel for your excellent testimony.

Before we proceed to questioning, I am going to ask Ms. Goldsmith if she would just yield her seat to Congressman Bliley, who has just arrived—and I thank him for joining us—and give him an opportunity to present testimony on his bill.

**STATEMENT OF HON. TOM BLILEY, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF VIRGINIA**

Mr. BLILEY. Well, first of all, I want to thank you, Madam Chair, for holding this hearing.

Second, I want to apologize to you and Ranking Member Ben Cardin for being late, but the higher pay grades called me to a meeting.

Chairman JOHNSON. We can accommodate to your schedule.

Mr. BLILEY. They made me an offer I couldn't refuse, so I had to go. I am going to ask unanimous consent to put my full statement in the record.

Chairman JOHNSON. It is so granted.

Mr. BLILEY. In a very short space of time, I will summarize the bill.

On Father's Day in 1998 Newt Gingrich spoke about increasing the adoption tax credit. As an adoptive father, I set about to work with Newt to make it a reality. When I adopted through Catholic Charities many years ago, it was relatively simple, and it was relatively inexpensive. Today, it can cost anywhere from \$8,000 to \$25,000, and that is a huge hurdle for young people to climb, particularly if they are paying off college loans, automobile loans, paying rent, or they are buying a house. It is huge. Today, the adoption credit is \$5,000, and it is \$6,000 if you adopt a child with special needs, but it expires in 2001.

So what we propose in this legislation is to, make the adoption tax credit permanent and increase it to \$10,000. This will help enormously for prospective adoptive parents to get over the hurdle.

One of the reasons that adoption is so expensive is that you have legal fees, agency fees, and then frequently you have the cost of the pregnant woman going to term and her hospital expenses and her living expenses and this is what dramatically raises the cost. So I am deeply appreciative of you holding this hearing, and I hope that we can pass this bill. I mean, at a time when we are running trillion-dollar-plus surpluses, we ought to be able to afford this very modest bill to grant some relief to people who otherwise wouldn't have it.

And with that, I will stop, and if you have a question or two, I will be happy to try to answer.

[The prepared statement follows:]

**Statement of Hon. Tom Bliley, a Representative in Congress from the State  
of Virginia**

Thank you Madam Chair and members of the Subcommittee.

Before I address several adoption related bills I have introduced, I would like to thank Chairman Johnson for holding this hearing today. Chairman Johnson, you have consistently shown your commitment to promoting adoption throughout your



service in Congress. By holding this hearing, you again demonstrate your dedication to ensuring children find loving homes, increasing adoption awareness, and helping to reduce the high cost of adopting a child.

Adoption has touched my life personally because my wife and I are adoptive parents of two. We consider ourselves very fortunate to have been able to adopt many years ago. Mom and Dad are the greatest titles in the world.

My personal involvement with adoption has been a rewarding experience I have brought to Congress as one of the founding Co-Chairs of the Congressional Coalition on Adoption. I have been blessed by my experiences with adoption so now I am doing what I can to help thousands of innocent children find a mom and dad.

During the 106th Congress, I have focused a great deal of effort on finding ways to reduce the high cost of adoption. Adoptions today can cost upwards of \$25,000. Needless to say, this high cost puts adoption well out the reach of many parents. I hear from constituents and people all across America who are taking out a second mortgage or dipping into savings to adopt a child. The result is that parents who would like to provide a loving home to a child in need are simply unable to do so. I firmly believe that the federal government must do more to help fight this high cost. There are simply too many parents with love to give and too many children in need of a home for the federal government not to act.

With this in mind, I have introduced three bills, the Hope for Children Act (H.R. 531), the Families First Act (H.R. 2282) and House Resolution 238, which will help parents fight the high cost of adoption. The idea to seek a legislative solution to the high cost of adoption began to take shape on Father's Day, 1998. Speaker Newt Gingrich was visiting the Hope for Children Adoption Agency in Marietta, Georgia. Speaker Gingrich met with adoptive parents and their children and spoke about increasing the adoption tax credit. As an adoptive father, I set out to work with Newt to make this bill a reality and the Hope for Children Act was born.

Speaker Gingrich and I introduced the Hope for Children Act in the final days of the 105th Congress. The Hope for Children Act would be the last bill Speaker Gingrich and I sponsored last Congress and the last bill Newt ever sponsored in Congress. The adoption tax credit Congress passed in 1996 as part of the Small Business Job Protection Act was a good start and it has helped a lot of families adopt who could not afford to do so in the past. Still, the Federal Government can do more and that is why I reintroduced the Hope for Children Act this year. I am pleased to say it has 147 co-sponsors and bipartisan support that crosses party-lines because 41 percent of the co-sponsors are Democrats.

The Hope for Children Act seeks to increase the adoption tax credit to \$10,000 for *all* adoptions. The current tax credit provides only a \$5,000 tax credit and a \$6,000 tax credit for children with special needs. The tax credit would also become permanent law and would be exempted from the Alternative Minimum Tax. Finally, the tax credit would be indexed for inflation and the earnings limitation expanded to families earning \$150,000 and gradually phased out for families making up to \$190,000.

At this time, I want to bring to the committee's attention a letter I received from Mr. Scott Thompson, a constituent of mine from Richmond, Virginia. Mr. Thompson writes about the Hope for Children Act:

To give some background, my wife and I have been going through the adoption process for about two years. During that time we have pursued many different paths and options, all unsuccessful, so far. As it stands now we are about six months from getting our child, hopefully. We have invested to date, roughly \$6,000. We will surely invest another \$10,000 before it is all over . . . *It is, however, very sad that two people who wish to provide a loving and stable home to a child must endure . . . outrageous costs as well.* In our case we will have to obtain a second mortgage on our home and use all of our savings to make this a reality. These payments will make it more difficult for us to give all that we want to our child. Passage of this bill will cost the Federal Government so little in the grand scheme of things. It will, however, provide much needed help to the searching families and the waiting children.

More recently, I, along with Representatives James Oberstar, Dave Camp, Bobby Scott, Dan Burton, Earl Pomeroy, and Jim DeMint, introduced the Families First Act to give parents more options when addressing the high cost of adopting a child. This bill will allow penalty-free withdrawals from IRA's (up to \$5,000) for adoption expenses. Presently, withdrawals from an IRA before age 59½ incur a 10% excise tax on taxable amounts withdrawn. The Families First Act will enable families to use their own money to start a family as opposed to taking out a second mortgage or going into debt.

The Families First Act would also make tax free employer-provided adoption benefits permanent law. You may remember the Congress passed legislation in 1996 to make employer contributions for adoptions expenses tax free. Unfortunately, this tax free status will expire on December 31, 2001. It also exempts up to \$10,000 from taxation any employer-supported adoption benefits while increasing the income eligibility for tax free employer supported adoptive benefits. This act makes it clear—families come first, not the IRS.

Increasing numbers of corporations now offer adoption benefits as part of their employment benefit package. Corporations such as Apple Computer, Inc., Coca-Cola, IBM, Time Warner, Walt Disney Co., Wendy's International, and others provide their employees with financial assistance to adopt and other benefits designed to promote adoption. Of the top 100 companies for working women, 85 percent offer financial assistance for adoption. These benefits allow companies to be competitive in recruiting qualified employees. Unless Congress acts to extend this tax free status, however, the effectiveness of employer-provided adoption benefits will be severely diminished.

Adoptive parents and I eagerly await the January 1, 2000 Treasury Department report on the effectiveness of the 1996 adoption tax credit. The longer the American people and I look at the benefits of the adoption tax credit proposed by the Hope for Children Act and the Families First Act, the more I envision the American people having an opportunity to adopt again. I hope the study will determine what you and I both know that it takes years of saving and planning for middle-income parents to afford adoption.

I believe the House of Representatives should follow the lead of the private sector and offer the same assistance to families who want to adopt children. Accordingly, Rep. James Oberstar and I have introduced House Resolution 238, a bill to reimburse employees of the House of Representatives for qualified adoption expenses. According to House Resolution 238, the maximum amount that may be reimbursed to employees of the House of Representatives is \$2,000. The resolution lets each office decide whether to provide adoption reimbursement to its employees. Reimbursement funds would come out of existing salary accounts.

The largest employer in the U.S. should follow the lead of the private sector and provide some assistance to families who decide to adopt. Accordingly, I am also pleased to announce Rep. Oberstar and I will introduce similar legislation for federal government employees. The Federal Employee Adoption Assistance Act will mandate that federal agencies reimburse employees up to \$2,000 for expenses associated with the adoption of a child. Any benefit paid by this legislation would be paid out of funds available for salaries and expenses of the relevant agencies.

Employer support of adoption results in increased employee satisfaction, higher productivity, and increased loyalty and commitment towards one's employer. At a time when a young couple is experiencing the cost and stress of creating a family, financial assistance for adoption is the right thing to do. We should continue to promote this benefit and we can increase public awareness of this adoption benefit by passing these two employee adoption assistance bills.

There are 100,000 children in state care waiting to be adopted who are in search of parents to read to them, to teach them how to tie shoe laces, to say bedtime prayers with them, and to eat ice-cream with on a summer night. We need to create additional incentives and eliminate disincentives for parents to adopt these children. If we are successful, there will be thousands more parents who will feel a love they did not know could exist until they adopted their new son or daughter.

We have done a lot in recent years to improve the situation but lets continue to work harder on behalf of children.

Chairman Johnson, I want to thank you again for holding this hearing and I want to thank all of my colleagues who have become co-sponsors of the important adoption bills I have talked about today.

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Chairman JOHNSON. I thank you very much for your testimony. Certainly permanence is very important in looking at why the costs are going up, and keeping the credit somehow balanced with the costs is very important.

Mr. BLILEY. Well, one thing I forgot to mention, too, we phase this out. If it is at \$150,000 joint income, it begins to phase out, so by the time you begin to get to 190,000, you would not have this

credit, but it wouldn't figure you would need it when you get up into that income category.

Chairman JOHNSON. Thank you.

Mr. BLILEY. And we also waive the Alternative Minimum Tax because I had a letter to the editor in my paper where somebody said, well, the adoption credit is fine, we thought it was going to be great, but all of the sudden we get hit with the Alternative Minimum Tax.

Chairman JOHNSON. Hopefully, we will repeal the Alternative Minimum Tax so that the \$500 credit and all the wonderful tax benefits to help kids go to college will not be countered by that very regressive provision in the tax code.

Ben, do you have any questions?

Mr. CARDIN. Let me first ask that my opening statement be included in the record and thank all of our witnesses today, including my colleague and friend, Mr. Bliley, for his interest in trying to assist those who are able to adopt children.

I think there is a general consensus here we have got to do a lot more in regards to children and special needs, and that is where the real difficulty is. Where we have long-term placements, we need long-term placements.

I was particularly impressed by Mr. Kroll's comment about the loss of certain financial incentives if you move towards adoption for a child who has special needs and these additional services, and I think what has come out of this panel particularly is that we do need to have flexible options, that each child is different as Reverend Smyth has said. Each child is truly different. We need to have more flexibility in dealing with long-term situations including the ability for adoption, particularly for children with special needs, and I appreciate all of your statements today.

Chairman JOHNSON. Thank you. We do have a vote on, and for some extraneous reasons, I won't be able to return. So we have 10 minutes, and I will try to focus a couple of questions and give Ben a chance, and if you have an opportunity to come back and pursue that, we will see.

I think that there is really broad understanding that we have to do a better job of supporting adoption, that too many kids—you know, the first round of adoptions was really kids in foster care by foster parents. We have been surprised at the number of adoptions that haven't worked and a lot of those haven't worked because there hasn't been the support and there isn't the belief that for the next 5 years there will be the support, and so we understand that we have to make that change.

Part of that is a funding change, and in my State, there is a demonstration project that gives a residential facility the flexibility to do all the things that you do and, you know, let the child visit short-term placements and let the child and the adoptive parents choose each other through knowledge and experience and familiarity and friendship. So, you know, we see a lot of those things to do.

What I want to ask, what has concerned me the most—and this comes from visiting kids from our program called The Bridge, which are difficult kids awaiting placements, and placements are hard to find for those kids—they are teenagers, they have troubled

pasts; and it does strike me that they would do better in a residential, a permanent placement, in a family-type group home, not 50 kids you know, not 30 kids, really the kind of a group home or an institution that is capable of giving them permanency, confidence. And also they often are sufficiently troubled that they don't need just intensive help, but they need long-term support that carries through on what they learned in that intensive treatment.

So there is a group of kids that are coming into the system, some of whom could be supported with better support of foster care, but some of them actually who would do better in a supportive system. And I couldn't possibly tell you, you know, which kid, but when you have kids who are 13, 14, 15, coming to you with a history that some of these kids have, it just seems to me we are better off being more serious about developing the kind of group home option or, you know, that historically orphanages provided in the past.

So I am very interested in the alumni data that you have. The orphanages in the past, however, did have kids that were on the whole sort of healthier and hadn't been through quite the level of trauma that kids with addicted parents and dangerous neighborhoods have. I think we have never had children who have witnessed so much violent crime or been the recipient of such extraordinary violence.

So I would just like you to comment on, how do we define this entity, and is it defined under current law? Is definition a problem or is it just funding? I mean, I like the idea of beginning to notice residential educational facilities. So I don't know what the definition is of this in between. Some of you are actually doing it, and I think Mr. Kroll's point that we don't want our absorptionness to relieve us of the responsibility to get kids into foster homes because it does increase their chances of adoption and into adoptive homes, but do we have a definitional problem as we move forward?

You just indicate that you would like to speak and I will just call you.

Mr. McKENZIE.

Mr. MCKENZIE. I would simply say it is fairly well accepted that children who have difficult problems belong in a residential treatment center. The problem is making available homes or residential facilities for those kids who have not yet become traumatized by either their parents or by the system itself.

The issue here today is not against adoption. It is about or towards—

Chairman JOHNSON. Early intervention is very important.

Mr. MCKENZIE. That is right, and if you go to the head of my children's home that has become a treatment center, they will tell you that they can identify about 40 percent of their kids should never go home, and they can identify them early on. They can also point out that they cannot keep them, and so people in the field can spot these people, spot these kids who, they know if they put them back with their families, they are going to be abused again; or if they put them into the foster care system they are going to be abused again.

Chairman JOHNSON. Just a minute. It looks like we are going to have 5 votes, so I want to be sure to give—

Mr. CARDIN. Madam Chair, why don't you just continue. The line that you are pursuing I think is the line that I would want to pursue.

Chairman JOHNSON. If you all will comment, and keep it short, so we can try to hear from many. Ms. Dale.

Ms. DALE. I want to respond to the kinds of kids you were just describing, those 13-year-olds. We have some of them, including some of them from Connecticut, at Children's Village and those are the kids we serve every day. One of the myths that needs to be debunked is that, "large institutions are bad for kids" because I think what you have heard today is there is plenty of evidence that is not true. The group homes that are failing are the group homes that are taking kids directly who haven't first come through a therapeutic experience in residential treatment.

Father Smyth and I probably run the two largest residential programs in the country. People come to Children's Village and will say to me, see, we should close those big institutions and open places like this, because the image is that we look like we are low-brow. The reality is, we look like a small town and children live in houses, but it is outside of the community and they get the therapeutic help that they need, they get stabilized before they move on to a group home.

So this notion, I just want to add, David Fanschal, who was one of the architects of permanency planning legislation, spoke from the beginning about what he called a second stream of kids who were kids for whom permanency should not be the goal, but to prevent a lifetime of criminal behavior, ought to be there, that they are already demonstrating the deviant behaviors that you can see, that you can catalog, that you can profile, that clearly show that that is the road that they are on, and that to interrupt that trajectory, we need to provide those kids with long term care.

So I guess what I am arguing is that this small subset of kids, we ought to take out of that permanency stream and put into a different mindset.

Chairman JOHNSON. Reverend Smyth, because I think he wants to carry on there, and then Mr. Kroll.

Rev. SMYTH. I think what we are talking about right now is the fairly rejected or damaged child. They should be held in; if it is a large agency it doesn't matter, as long as they are brought into a small setting and we use the teacher/parent model, and every home is independent of the big agency of Maryville and every child comes in with a treatment plan.

And I believe very, very strongly, as I said, permanency is mind, heart and soul. If you reach that child, if they are rejected from 15 foster homes, God bless them, they come in here, they start new, they develop on their treatment plan what is God-given talents of their own, and you develop that. That is permanency.

Chairman JOHNSON. That is interesting. I certainly think the individualism, and you can always come back. I know our most successful pregnancy prevention program is, you are always a member of the program.

Mr. SMYTH. Don't run the big agency for the sake of the big agency. It is the small.

Mr. KROLL. One quick example, a family has a child in foster care for 5 years. The plan is to return the child home. He is abused so severely he has to go into a treatment center. While in the treatment center, parental rights are terminated. The foster family hears about it, wants to adopt the child, but is then told they have got to pay the bills in the treatment center. When we look at the—

Chairman JOHNSON. You are kidding.

Mr. KROLL. I am not kidding.

OK, and IV-D, child enforcement, has done a terrible thing for families right now who have adopted children who need residential treatment, and this family, for this 15-year-old, was an advocate. They weren't going to nurture that child. They were the advocate, but it was where the child could return to. It was the only positive family the child never knew, but the funding system in Minnesota didn't allow that child to be adopted; and that is something we need to change.

Chairman JOHNSON. I do personally think that we have got to change the funding system, and I know we want to give the community confidence that the money will be there, but it is just like everything else. You have got to be able to tailor things to the individual child and the individual situation, and there has to be a lot more flexibility. And I know the anguish about eliminating an entitlement, but there must be some way of moving this money together, of giving the greater flexibility and guaranteeing the resources.

Yes.

Ms. SPAR. Just a note about the child welfare system itself and the ways in which these decisions are made in terms of where to place children: That it probably should be kept in mind that this is not always an orderly and clean system. When these kids are coming into care, they are often coming in in crisis situations and so forth, so there is also the issue of the caseworkers, who may or may not know what placement options are available for a particular child, where vacancies may exist at a particular time on a particular night for a child, and that adds an element in terms of whether or not children do end up in the best possible placement.

Chairman JOHNSON. The research does show that having a single person to relate to is just terribly, terribly important to the level of trauma that kids suffer as they move toward a more permanent area.

Ms. Goldsmith.

Ms. GOLDSMITH. Just one quick answer. You asked about definition, what definition do we use. I don't think we have a definition. That is something we are always grappling with. What do we call it? Do we call it "residential education"? Does that include "treatment"? And sometimes residential education programs are practically residential treatment centers and vice versa because—for instance, in Children's Village, the kids can stay for a longer period of time.

So some of these lines are not hard and fast, but I think the point is that we need this whole range of continuums of options for kids that right now are not prevalent.

Chairman JOHNSON. Unfortunately, we only have 2 minutes left, which means that I really do have to go, but I want to say one thing.

It may not be worth our time to do definitional stuff because you are already out there doing this, and somehow the money is moving itself around. Maybe what we need to concentrate on is how do we make the money far more flexible; and by that I mean, repealing the entitlement to foster care placement dollars, and I know I see you, but you see there has got to be a way where you can write in a decent trigger if there is an increase and where you can gain maximum protection against a reduction in resources.

But if you look at the model of welfare where we have stuck by our guarantee; for the first time ever in history there is more social service money in the welfare system than there has ever been because, as placements declined, service money did not, and there are a variety of forces at work in the foster care system that may well decline placements, but the system currently, as structured, will not reserve those dollars for the fact that many of the kids in the system are going to be much more difficult to help and care for.

So I now have 1 minute left. I am sorry.

If you want to sit here and discuss among yourselves and have the staff come down, they would be happy to. I hate to bring this to an end, but I am very appreciative of the quality of your testimony and the variety of the comments you have made, and you really brought to a head the conflicts and the difficulties of, you know, individual placement and foster home versus more of a group setting.

Thank you very much. The hearing is adjourned.

[Whereupon, at 11:15 a.m., the hearing was adjourned.]

[A submission for the record follows:]

**Statement of Hon. Christopher Smith, a Representative in Congress from the State of New Jersey**

Thank you Madame Chairman. I appreciate this opportunity to discuss a matter that is close to my heart: adoption. Last week, I reintroduced my Omnibus Adoption Act, H.R. 2540, and I would like to outline some of its provisions, as well as key issues that drive the adoption debate in America today.

As someone who has been a passionate advocate for helping families and children through adoption, I urge all of my colleagues to support this important proposal, because adoption is truly a loving option for women and families who find themselves in less than optimal circumstances.

The statistics about adoption reveal a downward trend away from this life-affirming choice made by women who face an unplanned or difficult pregnancy. For instance, the estimated number of annual adoptions by families who are not related to the birth mother, including babies and older children, has ranged from a high of 89,200 in 1970 to an estimated 60,000 in 1998. The number of children from the foster care system formally placed with relatives, known as kinship care, is estimated at 200,000. Clearly, the benefits of adoption as they pertain to non-familial placement are not being articulated to women in America today.

Recognizing there was a need for legislation which addresses adoption issues in a comprehensive fashion, I introduced my first Omnibus Adoption Act in 1991. This legislation proposed federal assistance to pregnant women, children in need of adoptive families, and to families seeking to adopt children. I have introduced this legislation in every Congress since then and I am pleased to note the Republican Congress has enacted some of its most important provisions, including the 'crown jewel' of the plan—a \$5,000 tax credit for adoptive families to defray the expenses associated with adoption.

As with all things, the nature of adoption in America has changed over the last decade, so this year's Omnibus Adoption Act, HR 2540, reflects today's adoption trends and meets today's needs.

As a result, the 1999 Omnibus Adoption Act seeks to use the best and most creative ideas in promoting adoption today. The Omnibus Adoption Act takes a three pronged approach to this important issue. It is designed to assist: (1) the birth mother, (2) the adoptive parents and (3) the non-profit organizations that work with birth mothers and adoptive parents.

The first goal of the Omnibus Adoption Act is to ensure the birth mothers who are considering adoption are provided with all of the resources, counseling and financial support, they will need to help them make a free and fully-informed decision during the nine months leading up to the birth of their child, and afterwards. As such, HR 2540 retains a provision from the original bill which provides certificates for pregnant women to use residential and other services provided by a maternity home or other non-profit organizations, including job training, medical services, and nutrition counseling. H.R. 2540 also provides for grants for the building or rehabilitation of facilities that could be used by these charitable organizations to provide such services to these women.

An example of a charitable organization which might benefit from these grants, and therefore would be able to effectively assist women in "crisis pregnancies," is the Smithlawn Maternity Home and Adoption Center in Lubbock, Texas. Frances Phillips, director of the center, has informed me that 25% to 30% of the women who come through their doors ultimately decide to place their baby for adoption.

Across America, women often find themselves without the emotional and financial support that is so crucial during their pregnancy and in the months afterwards. While the Smithlawn Maternity Home is a non-profit organization and is able to provide a variety of services to these women, the agency's ability to expand its services to more women would be greatly enhanced by both the certificate and grant initiatives in HR 2540.

The Omnibus Adoption Act would also require both the United States Armed Services and the federal prison system make readily available information about the choice of adoption. I believe in an age when our military depends upon volunteers, we must ensure that our personnel are fully informed about the benefits of adoption, should they find themselves dealing with an unplanned pregnancy. I have heard reports of women at military bases who became pregnant and found no information readily available about adoption. The same goes for our federal prison system, where female inmates often have no alternatives to abortion.

Military and prison chaplains should have information on hand about adoption for anyone who comes seeking resources. My vision is every federal chaplain should have at their disposal a row of books about adoption. There are a wide array of resources available, which run the gamut from "Dialogues About Adoption: Conversations Between Parents And Their Children" by Linda Bothun, to "The Complete Idiot's Guide to Adoption" by Chris Adamec.

Furthermore, I am hopeful this provision will encourage the Department of Defense to be forthcoming regarding information on pregnancies within the military that has been impossible to ascertain up to this point. For many years, Congressman Jerry Solomon, my friend and former colleague, asked Pentagon contacts to report on the outcomes of pregnancies within the military: how many resulted in abortion, how many resulted in adoption, how many women decided to be single parents, and how many chose to marry the father of their child? These are important questions which need to be answered because they directly impact our military's readiness and morale.

The Omnibus Adoption Act would also permit Title X funds to be used for adoption counseling as well as require accreditation of those who provide counseling on adoption with the use of federal funds. Health centers across the nation—including Title X clinics, community health centers, migrant health centers, centers for homeless individuals, school-based clinics, and crisis pregnancy centers—need a resource to turn to, so their staff are adequately trained in adoption counseling.

Women with unintended pregnancies should have the best resources at their disposal to make informed decisions which will affect the future of their child. Adoption counseling in these clinics should also be available for couples considering how to manage infertility. Sometimes overlooked in favor of riskier, more expensive and ethically dubious medical and other procedures, such as "surrogate parenting," adoption is a positive option for infertile couples.

Furthermore, while counseling should be non-directive, health centers should have excellent contacts, information, counseling and referral to other appropriate agencies or organizations in place for adoption for pregnant women and infertile couples to consider. In my opinion, the federal government should actively promote the option of adoption.

Besides addressing the needs of children and adoptive parents, we must also boost our efforts to assist pregnant women who are contemplating adoption. Too often



these women are forgotten as we focus on the child and his or her adoptive parents. We must not forget that for most women, the decision to plan an adoption for their child is difficult, and more needs to be done to ensure that women are fully assisted as they consider the benefits of adoption as well as the resources that are available to them during and after this process, and after the adoption has been legally finalized.

A central element of H.R. 2540 is a provision that would provide a \$5000 tax credit for medical expenses incurred during the mother's pregnancy if she decides to place her child up for adoption. According to Met Life, in 1996, the average medical costs for a pregnant woman are \$7,090 for a normal delivery and \$11,450 for a Caesarean section delivery. Approximately 15% of deliveries are C-sections and they tend to occur among younger women. Clearly, this \$5000 credit would help ease the financial hurdles faced by many women in an unplanned or crisis pregnancy.

With regards to prospective adoptive parents, H.R. 2540 would expand the \$5,000 adoption tax credit which I first introduced in 1990 and double it to \$10,000. As many of you know, my friend, Congressman Tom Bliley, has introduced this provision as the Hope for Children Act, of which I am a proud cosponsor.

Similarly, H.R. 2540 incorporates legislation (H.R. 1573) introduced in the 105th Congress by Congressman Jim Oberstar, the lead Democrat and original coauthor of this year's Omnibus Adoption Act. This provision seeks to expand the benefits of the Family and Medical Leave Act to new adoptive and foster parents. We should not discriminate against a child and his or her parents merely because of the circumstances surrounding their entrance into their new, loving family.

Lastly, but equally important, H.R. 2540 would require states to collect more complete data on adoption and transmit this information to the Department of Health and Human Services. There is a dearth of reliable information on adoption and foster care, not just from the public sector but also from the private sector. How can we legislate on adoption if we do not have accurate aggregate data?

My legislation also repeals the authority for the National Adoption Information Clearinghouse (NAIC) because it is my belief—and that of many others—that this Clearinghouse has outlived its purpose, and with the advent of the Internet, it is no longer needed. A general search of the Internet will turn up hundreds of web sites, without the use of our tax dollars, which provide a variety of resources on adoption. In this day and age, NAIC is a duplication of efforts which are quite ably being provided by a variety of adoption groups.

The existing evidence shows adoption generates overwhelmingly positive benefits to all persons involved in the process—including the birth mother. Research indicates women who choose to make an adoption plan for their child are less likely to live in poverty, more likely to complete high school, less likely to have additional unplanned pregnancies, and more likely to marry.

Adoption also provides a child who might otherwise face a bleak or difficult childhood the prospect of having loving parents who are ready and willing to take on the challenge of raising a child. Adoption offers a child many measurable benefits: a stable home, a higher standard of living and enhanced career opportunities as the child matures into adulthood. Adoption provides adoptive parents, who desperately want to raise children and form a family or by reaching out to a child in need, the opportunity to fulfill that dream. It is estimated that about 1 million children in the United States live with adoptive parents, and that between 2% to 4% of American families include an adopted child.

In sum, I believe that the Omnibus Adoption Act addresses a variety of issues that will jumpstart a renewed national discussion which is long overdue. If we are committed to raising a generation of children who are provided with secure and loving homes, then we must make sure children who might otherwise fall through the cracks are not forgotten.