

Measuring the Costs of Foster Care and the Return on Investment for the “Great Expectations” Initiative

The aging out of foster youth in Virginia poses significant costs for Virginia taxpayers and society at large. The annual costs for the state could reach \$29.7 million in 2010, and \$8.5 million in Central Virginia. The Great Expectations program has the potential to reduce such costs.

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1. Executive Summary

The Virginia Community College System (VCCS) has embarked on an initiative to help Virginia's foster youth develop skills and complete training to become more functional adults living and working in the Commonwealth of Virginia. The Great Expectations (GE) program is a statewide initiative of the Virginia Foundation for Community College Education (VFCCE) and the VCCS. The objective of the Great Expectations program is to offer a variety of means to help foster youth complete high school and gain access to higher education, workforce training, and employment opportunities that will improve their likelihood of life success.

Virginia Community College System has a need to understand the costs associated with foster youth aging out of the foster care system in the state of Virginia, and in the Central Virginia region.¹ Chmura Economics & Analytics (Chmura) was contracted to quantify the economic and social costs of aging-out foster youth and the potential benefits of the GE program. The findings of this study are summarized below.

Over 6,000 foster youth² were in the Virginia Foster Care System in 2010.

In 2010, 6,271 foster youth were in the Virginia Foster Care System, including 1,799 in Central Virginia. The number of foster youth in Virginia's foster care system has been declining in recent years.

A high percentage of Virginia's foster care youth are over 16 years old. On average, foster care youth stayed 34 months in the foster care system according to 2010 data.

In 2010, 28.0% of foster youth in Virginia were between the ages of 16 to 19. Eight point four percent of young adults in foster care were over 19 years old. There are slightly more males (52.6%) in Virginia's foster care system than females (47.4%). In 2010, slightly more than half (52.4%) of all foster youth in Virginia's foster care system were white, while 39.6% of were African-American.

Community college students who were foster youth achieved lower academic performance than the VCCS student body at large. They were also more likely to have part-time jobs while attending school than other students.

The June 2010 data from VCCS showed that the average math scores, reading scores, and writing scores of former foster youth were lower than the average for all VCCS students. The cumulative grade point average (GPA) of foster youth students was 1.98, lower than the 2.52 average for all students. More community college students who were former foster youth were employed, 80% compared to 73% for the student body at large. For those students who work, students who were foster youth earned about 84% of what the student body at large earned.

¹ Outside of the statewide effect, 47 cities and counties are included in this study. They are defined as the Great Expectations Central Virginia Region (GE Central Virginia). Please see the Appendix for a complete list of the cities and counties. This region corresponds to the service areas of the following community colleges: Rappahannock, John Tyler, J. Sargeant Reynolds, Germanna, Piedmont Virginia, and Central Virginia.

² Foster youth are 18 years of age and younger.

The WIA (Workforce Investment Act) participants who were foster youth tended to have lower educational attainment and lower skill levels than other WIA youth.

The June 2010 data from WIA showed that 88.0% of foster youth who were dually enrolled in WIA (in-school or out-of-school youth) had less than a high school education, compared with only 81.1% of non-foster WIA youth. In terms of skills, 55.9% of WIA foster youth had basic skills, compared with 75.5% for other WIA youth. WIA foster youth had a similar likelihood of being homeless or becoming part of the criminal justice system.

The employment rates of foster youth were significantly lower than other WIA program participants.

WIA data from June 2010 showed that after one quarter since exiting WIA programs, only 39.4% of foster youth were employed, compared with 52.5% of other WIA participants. Four quarters after exiting WIA programs, only 28.6% of foster youth participants were still employed, compared with 43.5% of other WIA youth participants.

Data from the Virginia Department of Social Services indicated the foster youth in VCCS are more likely to receive public assistance in Virginia, compared with their peer groups.

The March 2011 data from the Virginia Department of Social Services indicated that during the period from July 2004 to March 2011, nearly 75% of the VCCS students who were foster youth received some type of public assistance, compared to about 20% of the VCCS students at large (comparison group). On average, VCCS students who were foster youth received public assistance for about 29 months (or 2.5 years) during the observation period from July 2004 to March 2011, compared to only about 5.4 months for the comparison group.

The estimation of the costs of foster care focus on the youth who age out of the foster care system. Only incremental costs over their peers are included in the cost calculation.

Methodologically, since tracking and interviewing Virginia foster care youth is beyond the timeline and the scope of this study, the secondary data from both the Virginia Department of Social Services and various national studies are used in formalizing the assumptions to estimate the cost of foster care to society.

Costs of foster care include economic costs and social costs.

Economic costs are defined as the losses for the state and regional economies as a result of foster youth aging-out of the foster care system. Social costs are defined as the estimated expenses society incurs for former foster care youth, including welfare costs, crime and law enforcement costs, incarceration costs, and healthcare costs.

The total annual costs for Virginia foster youth are estimated to have been \$29.7 million in Virginia in 2010, or \$41,460 per aging-out foster youth.

The lost economic output is the largest component of the social costs for foster care,³ followed by incarceration, welfare, and crime costs. The \$29.7 million total costs for Virginia's foster youth in 2010 are as follows:

- \$25.6 million was lost in 2010 due to problems arising from foster youth's lower skill levels
- Total welfare costs amounted to \$1.1 million

³ The economic output of Virginia is defined as the value of total products and services produced in the state during a period of time.

- Crime and incarceration costs were estimated to have been \$2.4 million
- Healthcare costs were estimated at \$0.6 million

In Central Virginia, annual costs of foster care are estimated to be \$8.5 million in 2010.

Great Expectations programs have the potential to achieve great cost savings for society.

Currently, there are 377 students enrolled in Great Expectations programs across the state. If the programs are successful in eliminating the achievement gaps in terms of economic and social outcomes, GE can save Virginia \$7.8 million per year, far more than the \$1.2 million annual costs of the program.



2. Background

The Virginia Department of Social Services (VDSS) Foster Care Program provides homes and foster parents for foster youth who are removed from their homes due to abuse or neglect, or other family circumstances that prevent them from remaining in their homes. Ideally, youth and younger adults should remain with their families whenever possible. Although foster care services offered by the Commonwealth of Virginia make every effort to keep families together, it isn't always possible. An array of prevention services may be provided to assist families to remain intact, but if it is determined that a youth cannot remain at home, he or she will enter the foster care system. While in Virginia's foster care system, a host of services are designed to promote safety and well-being within a nurturing family environment and are tailored to each foster youth's unique needs.

Youth are placed in foster care either by order of a court (involuntary) or because their parents are willing to have them cared for temporarily outside the home (voluntary). An involuntary placement occurs when a youth has been abused or neglected (or may be at risk of abuse or neglect) by his or her parent or someone else in the household, or because a court has determined that it is in the best interest of the youth to have supervision. The court then orders the youth removed from the home and determines the length of the placement.

A voluntary placement occurs when parents decide that they are temporarily unable to care for their children for reasons other than abuse or neglect. For example, the family is experiencing a serious medical, emotional, and/or financial problem. The parents sign a voluntary placement agreement that lists the responsibilities of the parents and the agency during placement into foster care.

While many foster youths are reunited with their families or are placed in loving adoptive homes, some of them stay in the foster care system and reach adulthood without finding permanent homes. These foster youth are often termed "aging-out" foster youth. Many studies have shown there are considerable achievement gaps between aging-out foster youth and their peers.⁴ The foster youth tend to have lower educational attainment, are more likely to utilize public assistance, and are more likely to be involved with the criminal justice system.

The Virginia Community College System has embarked on an initiative to help Virginia's foster youth develop skills and training to become more functional adults living and working in the Commonwealth. This initiative, the Great Expectations program, is a particularly challenging endeavor because Virginia has one of the highest aging-out rates for foster youth exiting the system⁵ in the nation.

The Great Expectations (GE) program is a statewide initiative of the Virginia Foundation for Community College Education (VFCCE) and the Virginia Community College System. Education is believed to be a key factor in determining whether foster youth successfully transition into independent adulthood, and Virginia's community colleges are strongly positioned to provide a comprehensive program to address their unique educational and personal needs. Overall, the objective of Great Expectations is to offer a variety of means, such as life skills training, career education, financial literacy training, and mentoring and tutoring, to help at-risk foster youth

⁴ For an example, see *Midwest Evaluation of the Adult Functioning of Former Foster Youth* conducted by Chapin Hall Center for Children at the University of Chicago.

⁵ For example, see *Time For Reform: Preventing Youth from Aging Out on Their Own*, prepared by the Pew Charitable Trust, 2008.

complete high school and gain access to higher education, workforce training, and employment opportunities that will improve their likelihood of life success.⁶

The need for this project is particularly pressing now. Virginia has the highest percentage of teens aging out of the foster care system without a permanent home. These youth are among the most vulnerable in the Commonwealth, lacking support and resources as they come of age. Current research shows that despite their survival skills, a typical youth who ages out of the foster care system has no family support and is unsuccessful in achieving educational pursuits and securing and maintaining employment. Without the support of a family and the education and skills needed for an independent life, these young people are more likely to be engaged in criminal activities.⁷

The VCCS has a need to quantify the economic and social costs associated with foster youth aging out of the foster care system in Virginia and in Central Virginia in particular. The current costs will become the potential savings of the Great Expectations program if the program can successfully reduce the achievement gaps between foster youth and their peers. In addition, this study will provide a comparison of the isolated population of foster youth versus other youth groups, such as youth enrolled in VCCS, and youth in Workforce Investment Act (WIA) programs. Chmura Economics & Analytics (Chmura) was contracted to conduct this study.

The rest of this report is organized as follows:

- Section 3 summarizes the secondary data on the size and characteristics of Virginia's foster youth, as well as provides comparisons between foster youth and community college students, and between foster youth and other youth in WIA youth programs.
- Section 4 provides an estimate of the economic and social costs of aging-out foster youth.
- Section 5 evaluates the possible benefits of Great Expectations programs.
- Section 6 provides a summary and conclusion.

⁶ Documents provided to Chmura from Jennifer S. Gentry and Carol H. Underhill.

⁷ Documents provided to Chmura from the Virginia Foundation for Community College Education.

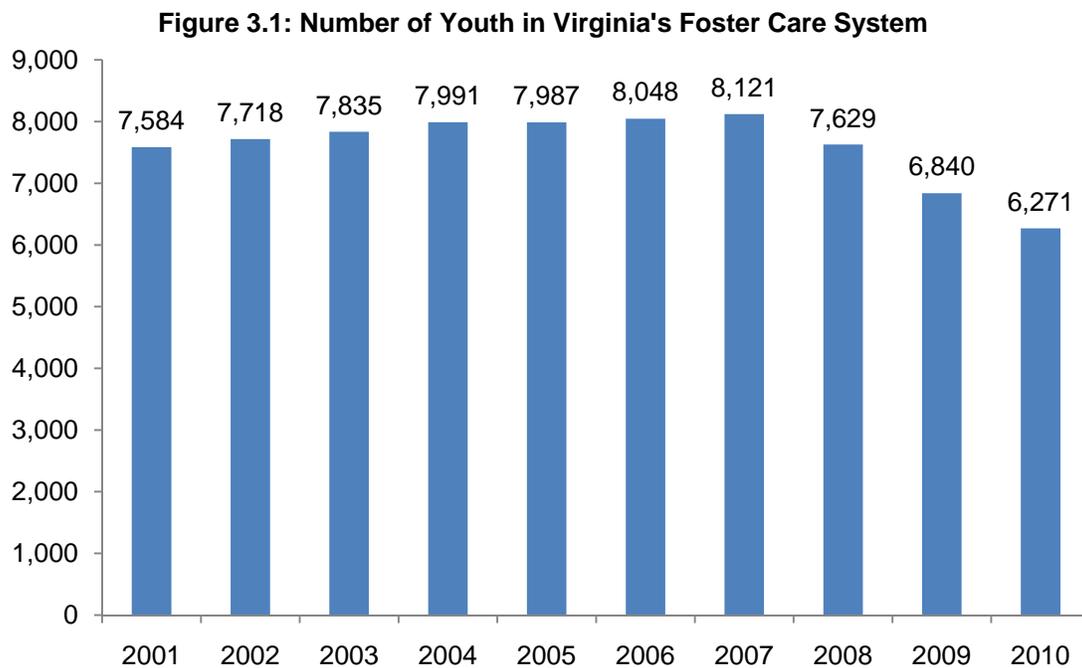
3. Background of Virginia's Foster Youth

This section presents data on the background of Virginia's Foster Care system, providing the baseline for future analysis of the costs associated with foster care. This section is organized into four subsections. Section 3.1 analyzes the overall size and characteristics of foster youth, based on data from the Virginia Department of Social Services. Section 3.2 compares the characteristics of community college students who were foster youth with the VCCS student body at large. Section 3.3 compares information on public assistance for those two groups of VCCS students. Section 3.4 compares the characteristics of foster youth in WIA programs with other participants in WIA programs.

3.1. General Background of Virginia Foster Youth

3.1.1. Total Number of Foster Youth

By the end of December 2010, there were 5,979 youth in Virginia's foster care system.⁸ From 2001 to 2007, the number of foster youth in Virginia grew steadily from 7,584 to 8,121; but it dropped to 7,629 in 2008, 6,840 in 2009, and 6,271 in 2010. The declining trend can be attributed to several factors such as the extra effort required to reunite foster youths with their parents and finding permanent homes for foster youth. Exhausting all other options before putting youths in foster care translates into less youths being put in the foster care system.⁹



Source: Virginia Department of Social Services

⁸ The detailed demographic analysis is based on 2010 full-year data, rather than the end-of-year (December 2010) data to remove monthly fluctuations.

⁹ For a related story, please see: http://articles.dailypress.com/2010-02-16/news/dp-local_fostercare_0217feb17_1_foster-social-worker-emma.

Nationally, Virginia has one of the lowest per capita rates of youth in foster care. In 2009, for every 1,000 Virginia youths under age 17, 3.2 were in foster care. Elsewhere, North Carolina had 4.2 youths, Tennessee had 4.5 youths, and Maryland had 5.2 youths for every 1,000 under age 17. Georgia had the lowest rate in the nation at 3.1 per 1,000 youths.¹⁰

In 2010, localities in the GE Central Virginia region had 1,799 youth in the foster care system (Table 3.1), which translates into a similar percentage of foster youth, compared with the rest of the state.¹¹ For example, 27.9% of Virginia's population lived within the GE Central Virginia region, and accounted for 28.7% of all foster youth in 2010. The remaining 72.1% of the state's population contained 71.3% of the state's foster youth. There is little difference in the relative level of foster youth within the population, as GE Central Virginia follows a similar statewide trend in social and economic conditions.

Table 3.1: Foster Youth by Region (2010)		
	Number of Foster Youth	% of Population
GE Central Virginia region	1,799	0.08%
Other Virginia regions	4,472	0.08%
Virginia	6,271	0.08%
Source: Virginia Department of Social Services		

3.1.2. Demographic Characteristics of Foster Youth

There are slightly more males in Virginia's foster care system. Based on 2010 full year data, 52.6% of foster youth in Virginia were male and 47.4% were female (Table 3.2). There was a slightly higher percentage of male foster youth in the GE Central Virginia region than in the state, with 54.6% being male.

Table 3.2: Gender Distribution of Foster Care Youth (2010)		
	Male	Female
GE Central Virginia	54.6%	45.4%
Other Virginia regions	51.7%	48.3%
Virginia	52.6%	47.4%
Source: Virginia Department of Social Services		

In 2010, slightly more than half (52.4%) of all youth in Virginia's foster care system were white, while 39.6% of youth were African-American (Table 3.3). The rest were multiracial, Asian/Pacific Islanders, and Native Americans. There was a higher concentration of African-American foster youth in the GE Central Virginia region than in the state, with 48.4% in the GE Central Virginia region compared to 39.6% in the Commonwealth. As shown in the table, 42.3% of the GE Central Virginia region's foster youth were white. Virginia's foster care system had a higher concentration of minority youth than the state as a whole. Based on the latest estimate from 2006-2008,¹² 70.7% of Virginia's population was white and 19.5% was Black or African-American.

¹⁰ National comparison data are from Virginia Performs website, at <http://vaperforms.virginia.gov/indicators/healthFamily/fosterCare.php>

¹¹ Please see the Appendix for regional definition.

¹² Source: American Community Survey, U.S. Census.

	African-American	White	Native American	Asian/Pacific	Multiple Races	Unknown
GE Central Virginia	48.4%	42.3%	0.3%	0.7%	7.4%	0.9%
Other Virginia regions	35.8%	56.8%	0.0%	0.6%	5.2%	1.6%
Virginia	39.6%	52.4%	0.1%	0.6%	5.8%	1.4%

Source: Virginia Department of Social Services

The largest age group (28.0%) in Virginia's foster care system was youth between the ages of 16 and 19 in 2010. Youth in this group, combined with young adults who were over 19 years old (8.4%), are also most likely to age out of the foster care system. GE Central Virginia had slightly more youth 16 and over than the state as a whole. Virginia has the highest rate in the nation of youth who age out of foster care (32% in 2006).¹³ These particular youth are those who do not find permanent homes when they reach adult age and have to exit the system. Due to different legal requirements, Virginia has one of the longest waiting times to finalize adoption, at 20.9 months in 2006, compared with Wyoming's 5.5-month average, which is the lowest in the nation.¹⁴ The longer waiting time for adoption pushes more youths into the age-out category.

	Under 1 Year Old	Age 1-5	Age 6-9	Age 10-12	Age 13-15	Age 16-19	Age 19+	Age Unknown
GE Central Virginia	3.2%	18.5%	12.9%	10.5%	15.5%	29.7%	9.7%	0.0%
Other Virginia regions	3.4%	20.3%	12.8%	10.9%	17.4%	27.3%	7.9%	0.0%
Virginia	3.3%	19.8%	12.9%	10.8%	16.8%	28.0%	8.4%	0.0%

Source: Virginia Department of Social Services

For youth under 16, 19.8% of Virginia's foster youth were between ages one and five, 12.9% between ages six and nine, 10.8% between ages 10 and 12, and 16.8% between ages 13-15. Foster youth in each age group require different forms of care. For foster youth in the younger age brackets, it is more important to reunite them with their original parents or find permanent adoptive homes. For older foster youth, the focus may shift to teaching skills that prepare them to further their education and careers, and to live independently after exiting the foster care system.

3.1.3. Goals of Foster Care

Youth in Virginia's foster care system are assigned different goals depending on their circumstances. These goals range from returning home, adoption, permanent foster care, and independent living, among others. Based on 2010 data, returning home was the goal for 29.4% of Virginia's foster youth. Adoption was the goal of 23.0% of foster youth, and 20.3% stated independent living was their goal. Independent living was also a goal primarily for older foster youth. In addition, a goal of 5.1% of foster youth was to live with relatives, and 10.7% said that permanent foster care was their goal.

¹³ Source: Virginia Performs website, at <http://vaperforms.virginia.gov/indicators/healthFamily/fosterCare.php>

¹⁴ Ibid.

Table 3.5: Goals of Foster Care Youth in Virginia (2010)

	Return Home	Live With Relatives	Adoption	Permanent Foster Care	Independent Living	Another Planned Permanent Living Plan	Continue with Foster Care	To Be Determined	Guardian-ship	No Goal Entered
GE Central Virginia	25.4%	5.4%	23.2%	12.1%	21.2%	3.0%	0.0%	3.9%	0.0%	5.8%
Other Virginia Regions	31.1%	5.0%	22.9%	10.2%	19.9%	3.0%	0.1%	3.2%	0.0%	4.7%
Virginia	29.4%	5.1%	23.0%	10.7%	20.3%	3.0%	0.0%	3.4%	0.0%	5.0%

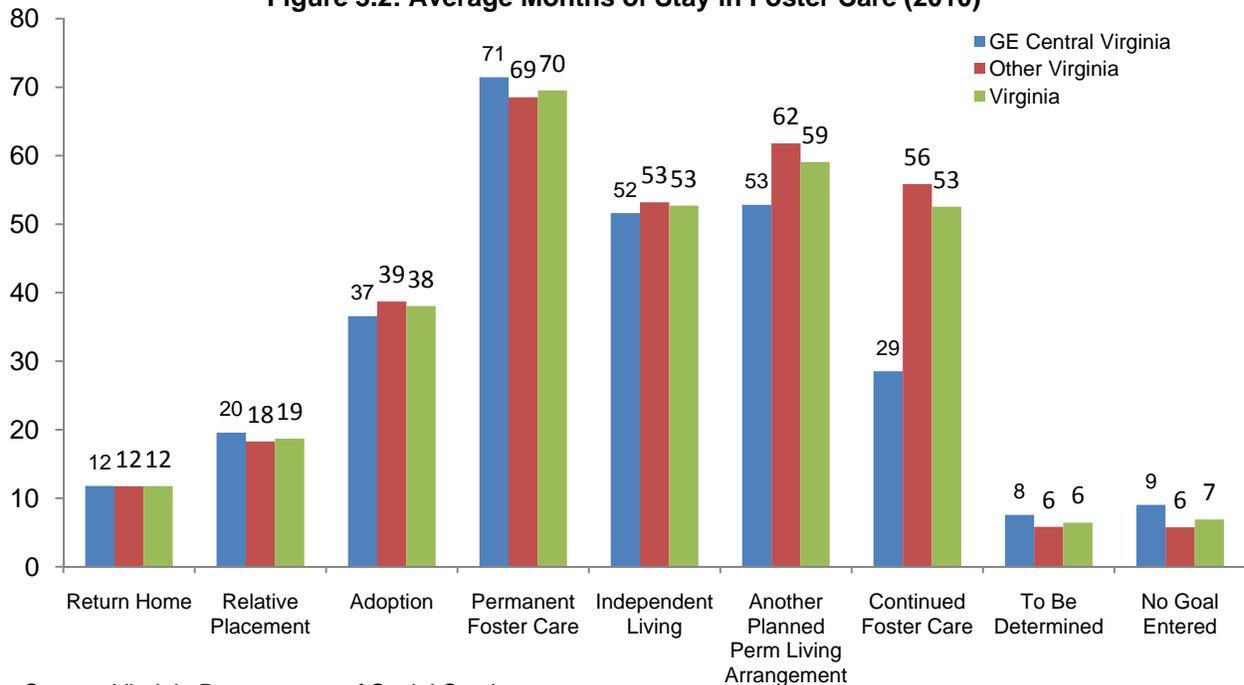
Source: Virginia Department of Social Services

The goals for foster youth in the GE Central Virginia region are similar to that of statewide foster youth. Based on 2010 data, the GE Central Virginia region had a slightly lower percentage of youth with the goal of returning home, and a higher percentage with the goals of permanent foster care and independent living. These data suggest that the GE Central Virginia region may have an even higher aging-out rate than the state average.¹⁵

3.1.4. Length in Foster Care System

On average, foster care youth stayed in Virginia’s foster care system for 34 months, according to 2010 data. As expected, the length of stay varied greatly depending on the goal for each individual. Those who intended to be reunited with their parents, or to be placed with relatives had a shorter stay in the foster care system (12 and 19 months, respectively), while individuals whose goals were permanent foster care or another planned permanent living arrangement stayed the longest time in the foster care system (70 and 59 months, respectively). Individuals whose goal was adoption stayed about 38 months in Virginia’s foster care system.

Figure 3.2: Average Months of Stay in Foster Care (2010)



¹⁵ Only statewide aging-out rates are available.

Foster youth in the GE Central Virginia region spent similar amounts of time in the foster care system, compared with the state average. Data from 2010 indicate the average length of stay was 35 months, only one month longer than the state average. In some categories, such as continued foster care or another planned permanent living arrangement, foster youth in Central Virginia spent less time in foster care than the state average.

3.2. Foster Youth in Community College

This subsection compares the characteristics of community college students who were former foster youth with the VCCS student body at large. The data were provided by the Virginia Community College System. Two samples were drawn—one is the sample of students who have been foster youth, while the second is a randomly selected sample of the VCCS student body. The data were collected in June 2010.

3.2.1. Demographic Characteristics

For foster youth enrolled in VCCS, 64% were female while 36% were male. A higher percentage of VCCS students who were former foster youth were female compared with 56% of the VCCS students at large (Table 3.6). Data in section 3.1 indicate that 53% of all Virginia’s foster youth were male, yet only 36% of those in community college were male. The data imply female foster youth are more likely to enroll in a community college than their male counterparts. The gender difference is important for programs such as Great Expectations so that male foster youth are not neglected.

Table 3.6: Gender Distribution (2010)		
	VCCS Student	Foster Youth
Female	56%	64%
Male	44%	36%
Source: VCCS		

A higher percentage of African-American foster youth enrolled in community colleges than white foster youth. In June 2010, half of the foster youth who enrolled in Virginia’s community colleges were African-American, compared with 18% for the at-large student body (Table 3.7). Only 36% of the foster youth VCCS students were white, compared with 63% for at-large students. The student body of foster youth in VCCS was more diverse than the VCCS student body at large. Also, there was a higher percentage of minorities among foster youth in VCCS than among all foster youth in Virginia. In 2010, slightly more than half (52%) of all youth in Virginia’s foster care system were white, while 40% of youth were African-American.

Table 3.7: Race Distribution (2010)		
	VCCS Student	Foster Youth
African-American	18%	50%
American Indian	1%	0%
Asian	8%	4%
Hispanic	6%	6%
Other	4%	4%
White	63%	36%
Source: VCCS		

The age distributions of the VCCS students who were foster youth and the at-large student body are similar (Table 3.8). There was a slightly higher percentage of former foster youth in the 20-year age group, and less in the 18-year age group. This may be due to the fact that slightly more former foster youth may not enroll in community colleges

immediately after high school. They may work for a period of time before going to school, or it may take them longer to obtain a high school diploma which can delay their enrollment in VCCS. The overall patterns, however, are comparable between the two student bodies.

Table 3.8: Age Distribution (2010)		
Age	VCCS Student	Foster Youth
18	20%	18%
19	23%	23%
20	16%	21%
21	14%	13%
22	10%	11%
23	9%	8%
24	7%	7%
Source: VCCS		

Based on June 2010 data, all community colleges in Virginia's community college system enrolled students who were foster youth. Tidewater Community College accounted for 20% of all Virginia students who were foster youth, followed by Northern Virginia Community College (18%), and J. Sargeant Reynolds Community College (12%). The six community colleges located in the GE Central Virginia region (bold in Table 3.9) enrolled 27% of all students who are former foster youth. Meanwhile, they accounted for 21% of the randomly selected student body at large.

Table 3.9: VCCS College Distribution (2010)		
College	VCCS Student	Foster Youth
Blue Ridge	3%	3%
Central Virginia	2%	3%
Dabney S. Lancaster	1%	1%
Danville	1%	3%
Eastern Shore	0%	0%
Germanna	4%	2%
J. Sargeant Reynolds	6%	12%
John Tyler	5%	6%
Lord Fairfax	4%	2%
Mountain Empire	1%	2%
New River	2%	3%
Northern Virginia	28%	18%
Patrick Henry	2%	2%
Paul D. Camp	1%	1%
Piedmont Virginia	2%	3%
Rappahannock	1%	1%
Southside Virginia	2%	2%
Southwest Virginia	2%	1%
Thomas Nelson	7%	7%
Tidewater	19%	20%
Virginia Highlands	2%	1%
Virginia Western	4%	5%
Wytheville	1%	2%
Source: VCCS		
Colleges in GE Central Virginia regions are bolded		

3.2.2. Academic Performance

Community college students who were foster youth realized lower academic performance than the VCCS student body at large. Based on 2010 data, average math scores, reading scores, and writing scores were lower than the average for all students. The cumulative grade point average (GPA) of foster youth students was 1.98, lower than the 2.52 average for VCCS students.

Table 3.10: Academic Performance Distribution (2010)				
	Average Math Score	Average Reading Score	Average Writing Score	Average Cumulative GPA
VCCS student	40	81	73	2.52
Foster youth	34	77	64	1.98
Source: VCCS				

3.2.3. Employment Situation

The VCCS data indicated more former foster youth students were employed while enrolled in college—80% compared to 73% for the student body at large (Table 3.11). Considering the social and economic backgrounds of foster youth; and the fact that they are more likely to live independently, it is not surprising that a higher percentage of them were working while going to school. For those students who work, foster youth earned about 84% as much as the at-large student body. In 2010, average foster youth earned about \$10,284 per year, while the average VCCS student earned about \$12,230 per year while attending school.

Table 3.11: Employment Situation (2010)		
	% Working	Average Annual Wages
VCCS student	73%	\$12,230
Foster youth	80%	\$10,284
Source: VCCS		

3.3. Foster Youth in Public Assistance Programs

The Virginia Department of Social Services (VDSS) assisted in analyzing data of foster youth receiving public assistance. More specifically, VDSS compared the percentage and duration of the foster youth enrolled in VCCS with a randomly selected comparison group selected by VCCS. The data were collected and analyzed by VDSS in March 2011.

VDSS analysis indicated that the foster youth were much more likely than the comparison group to receive public assistance. During the period from July 2004 to March 2011, nearly 73% of the foster youth received some type of public assistance, compared to 19% of the comparison group (Table 3.12). Nearly two-thirds of foster youth received Medicaid, and about half received aid from the Supplemental Nutrition Assistance Program (SNAP).¹⁶ Only 15% of the comparison group received Medicaid and 14% received SNAP during the same period. In addition, 19% of foster youth received assistance from the Temporary Assistance for Needy Families (TANF) program, as opposed to 3% for the comparison group. Both groups received Family Access to Medical Insurance Security Program (FAMIS) assistance at a similar rate.

¹⁶ This program was previously called Food Stamps.

Table 3.12: Percent of Individuals Receiving Public Assistance, July 2004-March 2011

Type of Public Assistance	Foster Youth (n=1,174)	Comparison Group (n=1,181)
Medicaid	64%	15%
SNAP	52%	14%
TANF	19%	3%
FAMIS	3%	3%
Any public assistance	73%	19%

Source: VDSS analysis of ADAPT data from data warehouse

Foster youth are not only more likely to receive public assistance; but on average, they also stay in public assistance programs longer than their peers. VDSS analysis showed that foster youth received public assistance for about 29 months (or 2.5 years) during the observation period from July 2004 to March 2011, compared to only about 5.4 months for the comparison group (Table 3.13).

Table 3.13: Average Number of Months Receiving Public Assistance, July 2004-March 2011

Type of Public Assistance	Foster Youth (n=1,174)	Comparison Group (n=1,181)
Medicaid	21.2	3.0
SNAP	12.5	3.6
TANF	3.5	0.6
FAMIS	0.3	0.3
Any public assistance	29	5.4

Source: VDSS analysis of ADAPT data from data warehouse
Note: includes individuals who received no public assistance

3.4. Comparison of Foster Youth and WIA Youth

This subsection compares characteristics of participants in Workforce Investment Act (WIA) programs who were foster youth with overall WIA youth program participants. The data were provided by the Virginia Community College System in June 2010. A total of 11,567 records were drawn from the WIA program database. Among these, 752 individuals identified themselves as having been in foster care, representing about 7% of total WIA program participants.

3.4.1. Demographic Characteristics

As of 2010, for foster youth participating in WIA programs, 52.3% were male while 47.7% were female (Table 3.14). Compared to other WIA program participants, a higher proportion of foster youth participants are male.

Table 3.14: Gender Distribution (2010)

	Foster Youth	Other WIA Youth	Overall WIA
Male	52.3%	47.3%	47.6%
Female	47.7%	52.7%	52.4%

Source: VCCS

In 2010, over half (55%) of the foster youth participants in WIA programs were African-American, lower than the 62.1% of non-foster youth participants (Table 3.15). About 39.4% of foster youth participants in WIA programs were white. Minority foster youth were more likely to participate in WIA than their white counterparts.

Table 3.15: Race Distribution (2010)			
	Foster Youth	Other WIA Youth	Overall WIA
African-American	55.0%	62.1%	61.6%
American Indian/ Hawaiian	0.9%	0.5%	0.5%
Asian	0.3%	0.4%	0.4%
Hispanic	4.4%	2.3%	2.4%
White	39.4%	34.8%	35.1%
Source: VCCS			

The foster youth tend to be younger than other WIA youth. Based on 2010 data, 73.4% of foster youth participants were under the age of 22, compared with 57.3% of other WIA youth (Table 3.16). Similarly, 26.6% of foster youth participants were over the age of 22, while this percentage was 42.7% for other WIA youth.

Table 3.16: Age Distribution (2010)			
	Foster Youth	Other WIA Youth	Overall WIA
Less than 18 years old	5.9%	5.1%	5.2%
18	10.2%	7.0%	7.2%
19	14.8%	11.6%	11.8%
20	21.5%	15.7%	16.1%
21	21.0%	17.9%	18.1%
22	14.1%	15.1%	15.0%
23	7.2%	12.5%	12.1%
24	3.5%	7.2%	7.0%
Older than 24 years old	1.9%	7.9%	7.5%
Source: VCCS			

3.4.2. Social Outcomes

Based on social and economic indicators of participants collected in the WIA database, WIA participants who were foster youth tend to have lower educational attainment than other WIA youth. In 2010, 88.0% of participants who were foster youth had less than a high school education, while only 81.1% of other WIA youth did (Table 3.17). In terms of skills, only 55.9% of WIA participants who were foster youth had basic skills, compared with 75.5% for other WIA youth. Being in the foster care system could interfere with education, as these youth often acquire fewer years of education and less skills.

Table 3.17: Social Outcomes			
	Foster Youth	Other WIA Youth	Overall WIA
Less than high school education	88.0%	81.1%	81.5%
With basic skills	55.9%	75.5%	74.2%
Homeless	1.9%	1.8%	1.8%
Criminal justice	6.9%	6.6%	6.7%
Pregnant or parenting	5.2%	12.8%	12.3%
Source: VCCS			

WIA participants who were foster youth have a similar likelihood of being homeless or being involved in the criminal justice system, compared with other WIA youth.¹⁷ Based on 2010 data, 1.9% of foster youth WIA participants were homeless, compared with 1.8% of non-foster WIA youth. Foster youth individuals, however, were much less likely to be pregnant or parenting than other WIA youth participants.

3.4.3. Employment Outcomes

The WIA participants who were foster youth had a tougher experience in the labor market. Their employment rates were significantly lower than those of other WIA program participants. The 2010 data showed that one quarter after exiting WIA programs, only 39.4% of foster youth were employed, compared with 52.5% for other WIA participants. The employment rate declined as more time elapsed since exiting WIA programs. Four quarters after exiting WIA programs, only 28.6% of foster youth participants were still employed, compared with 43.5% of other WIA youth participants.

Table 3.18: Employment Status (2010)			
	Foster Youth	Other WIA Youth	Overall WIA
Employed 1 quarter after WIA program	39.4%	52.5%	51.7%
Employed 2 quarters after WIA program	37.4%	50.2%	49.4%
Employed 3 quarters after WIA program	34.9%	48.2%	47.3%
Employed 4 quarters after WIA program	28.6%	43.5%	42.6%
Source: VCCS			

The data analysis in this section shows that the foster youth in Virginia tend to have lower education levels and less success in the labor market. They are also more likely to receive aid from public assistance programs. These negative aspects will translate into costs for Virginia taxpayers and society as a whole. Section 4 quantifies the costs of foster care in Virginia, as well as in GE Central Virginia region.

¹⁷ An individual is involved in the criminal justice system if he or she has a record of arrest or conviction for committing delinquent acts such as crimes against persons, crimes against property, status offenses, or other crimes.

4. Costs of Foster Care to Society

The main objective of this section is to estimate the “costs of failure” of the foster care system. The failure of the foster care system is reflected in the large number of foster youth aging out of the system without being placed in permanent homes. As a result, the estimation of costs of foster care will focus on the youth who age out of the foster care system. For those who find permanent homes while in foster care, whether they are with their original parents, relatives, or adoptive parents, it is assumed that they will behave similarly to other youth at large.¹⁸

Methodologically, since tracking and interviewing Virginia foster care youth is beyond the scope of this study, various state and national studies are used to formalize the assumptions used to estimate the costs of foster care to society. In Virginia, the Department of Social Services has collected data on the likelihood of foster youth receiving public assistance and the average program costs in 2010. These Virginia data are used to estimate the costs of foster care when available.

For other social and economic costs outside the VDSS data scope, two landmark studies are used to form cost assumptions. Their research methods are rigorous, and they are widely cited in the national and regional press. The first study is *The Northwest Foster Care Alumni Studies* conducted by Casey Family Programs, published in 2005. In this study, researchers interviewed foster care alumni in Oregon and Washington states. The second study is the *Midwest Evaluation of the Adult Functioning of Former Foster Youth* conducted by Chapin Hall Center for Children at the University of Chicago. This study followed a group of over 600 individuals who aged out of the foster care system in Illinois, Iowa, and Wisconsin. Researchers followed them for six years from when those youth were 17-18 years old to when they were 23-24 years old. The latest report, focusing on the adult results of foster youth at 23-24 years old, was published in 2010. Besides being more current, another advantage of the Midwest study is that it also reported a comparison between foster care youth with national outcomes from non-foster youth.

The year 2010 is chosen in this study as the benchmark year for the cost estimate. Costs for future years can be estimated in a similar fashion.

4.1. Economic Costs

Economic costs are defined as the losses to the Virginia economy when foster care youth age out of the foster care system. Previous studies show that foster youth are normally less educated than their peers. As a result, they may be less productive citizens.

4.1.1. Less Educational Attainment

Former foster youth have less educational attainment than their peers. One difficulty former foster youth face when they enter the workforce is that they have received less education than their national peers. Former foster youth often have no choice but to be independent; and as a result, they have to make a living rather than further their education. Also, many former foster youth are not prepared academically in the foster care system to go to college when they reach 18 years of age.

¹⁸ It is possible that being in the foster care system alone may affect their education and labor market results, even for those who may be reunited with their families or find permanent adoptive parents. From this perspective, the cost estimated in this study is conservative. However, the primary concerns for society are those who age out of the system and have to live on their own. These are the individuals needing the most help, thus they are the focus of the cost estimate.

Based on data from *Midwest Evaluation of the Adult Functioning of Former Foster Youth*, only 2.49% of the former foster youth had a 4-year college degree at age 23-24 (Table 4.1). As a comparison, 19.35% of their national peer group at the same age had a 4-year degree. Similarly, only 3.16% of former foster youth had a 2-year college degree while 9.41% of their peers had a 2-year degree.

Table 4.1: Educational Attainment at Age 23-24		
	Midwest Former Foster Youth	National Peers
No High School diploma or GED	24.42%	7.26%
High school diploma only	33.72%	26.21%
GED only	9.80%	5.44%
One or more years of college, no degree	25.58%	27.55%
2-year college degree	3.16%	9.41%
4-year college degree	2.49%	19.35%
One or more years of graduate school	0.50%	4.77%
Source: Midwest Evaluation of the Adult Functioning of Former Foster Youth		

4.1.2. Higher Unemployment

Lower educational attainment resulted in two disadvantages of former foster youth in the labor market which translates into fewer contributions to the economy than their peers. First, they have higher unemployment rates than their peers, thus fewer of them are making contributions to the economy. Second, foster youth are normally less educated than their peers. So even when employed, they may be less skilled, on average, and make less money than other workers with higher educational attainment.

Former foster youth are more likely than their peers to be unemployed. Based on data from *Midwest Evaluation of the Adult Functioning of Former Foster Youth*, at age 23-24, only 57.7% of former foster youth were employed (Table 4.2). By comparison, 89.2% of their peer group were employed.

Table 4.2: Employment Status		
	Midwest Former Foster Youth	National Peers
Ever held a job	94.70%	97.30%
Ever worked since exiting foster care	84.40%	n/a
Currently employed	48.00%	75.50%
Currently employed (non-incarcerated only)	51.90%	75.70%
Currently employed (non full time student, non-incarcerated)	57.70%	89.18%
Source: Midwest Evaluation of the Adult Functioning of Former Foster Youth		

The number of unemployed foster care youth in Virginia is estimated by assuming the unemployment pattern between former foster youth and their peer groups are similar to the findings of Midwest study. Based on the current number of Virginia youth in foster care, it is estimated that 717 of them would age out of the foster care system in 2010, with 206 from the GE Central Virginia region. Of those, 303 former foster youth would be unemployed, with 87 from Central Virginia per year. That represents an additional 226 unemployed individuals in Virginia than for the cases when those individuals were not in foster care.

4.1.3. Lost Earnings

Not only do former foster youth have fewer opportunities than their peers to land a job; but for those who have jobs, they earn much less than their peers. Based on data from *Midwest Evaluation of the Adult Functioning of Former*

Foster Youth, for example, only 0.9% of former foster youth earned more than \$50,000 per year, while that percentage was 4.6% for their national peers (Table 4.3). On the other hand, 38.4% of former foster youth earned less than \$5,000 per year 6 years after exiting the foster care system. This percentage was 21.8% for their national peers. Average wages for former foster youth were only \$12,064 per year in 2008, while their peer group earned \$20,349 per year. Former foster youth who were working only earned 59.3% of their national peers. Considering the fact that more former foster youth could not find employment, the average former foster youth earned only 47% of what their national peers earned.

Table 4.3: Income from Employment		
	Midwest Former Foster Youth	National Peers
Any income from employment	72.70%	91.60%
Amount of income from employment		
\$5,000 or less	38.40%	21.80%
\$5,001 to \$10,000	17.40%	11.00%
\$10,001 to \$25,000	29.20%	34.20%
\$25,001 to \$50,000	12.50%	28.40%
More than \$50,000	0.90%	4.60%
Annual average income (2008)	\$12,064	\$20,349
Source: Midwest Evaluation of the Adult Functioning of Former Foster Youth		

Assuming earning power of former foster youth and their peer groups in Virginia are similar to the findings of the Midwest study, it can be estimated that foster youth who age out of Virginia's foster care system would lose a total of \$7.2 million in wages in 2010,¹⁹ or \$9,999 per year per person in 2010 dollars. The lost earnings per capita for former foster youth during their working career (45 years) can reach \$450,000 in 2010 dollars.

4.1.4. Lost Economic Output

Lost earnings are not only lost income for former foster youth, but also represent the opportunity costs for the Virginia economy as a whole. Due to the fact that many former foster youth do not receive a proper education, they earn much less than their peers. If proper education and training were provided, former foster youth would make a much larger contribution to the Virginia economy.

To estimate the lost economic output from the former foster youth, Chmura uses the following methodology. There is usually a steady ratio between a person's earnings and their economic output. While this ratio may vary from industry to industry, it has been steady at the state level. For example, total employee compensation was about 40% of Virginia's total economic output in 2009. This percentage was 38% in 2008 and 37% in 2007.²⁰ As a result, it can be estimated that annually, foster youth who age out of Virginia's foster care system reduce the state economic output by \$25.6 million in 2010 or \$35,711 per year per person in 2010 dollars.²¹ The lost economic output per capita for former foster youth during their working career (45 years) can reach \$1.6 million in 2010 dollars.

¹⁹ This is measured in 2010 dollars. Chmura uses the consumer price index (CPI) to inflate 2008 dollars to 2010 dollars.

²⁰ This ratio is estimated through IMPLAN Pro Model; 2007, 2008, and 2009 versions.

²¹ $\$35,711 = (\$9,999/0.7)/0.4$. \$9,999 is the wage differential between foster youth and its peers, estimated in Section 4.1.3. Also, 0.7 is the ratio of wage in total employee compensation, from Bureau of Labor Statistics. Finally, 0.4 is the ratio of employment compensation in total output, referenced in the same section.

4.2. Social Costs

Social costs are defined as the estimated expenses society has to incur for former foster youth. For example, due to the low income and high unemployment of former foster youth, society will provide more in terms of spending on welfare and unemployment insurance. The social costs also include law enforcement costs as former foster youth may be more likely to be engaged in illegal activities or be incarcerated.

4.2.1. Welfare Costs

Former foster youth are more likely to receive welfare and government benefits, which constitute costs for taxpayers of Virginia. Currently, according to the Department of Health and Human Services, the main welfare programs are Temporary Assistance for Needy Families and Aid to Families with Dependent Children (TANF/AFDC), Supplemental Nutrition Assistance Program (SNAP), and Supplemental Security Income (SSI). Aside from these, foster youth also qualify to receive unemployment insurance, worker's compensation, and general assistance including public housing and rental assistance.²²

It is not surprising that, due to the low income and fewer employment opportunities compared to their peers, former foster youth are more likely to receive government welfare than their peers. Based on data from *Midwest Evaluation of the Adult Functioning of Former Foster Youth*, 48.7% of former foster care youth received food stamps in 2008, while only 4.6% of their peers did (Table 4.4). Also, 10.2% of former foster youth received TANF benefits, compared with 5.1% for their peers.

Table 4.4: Receipts of Government Benefits		
	Midwest Foster Youth	National Peers
Received benefits during the past year		
Unemployment insurance, Worker compensation or SSI	22.62%	6.01%
SNAP (food stamps)	48.68%	4.55%
Public housing/rental assistance	8.22%	2.23%
TANF	10.15%	5.11%
Currently receiving benefits		
SNAP(food stamps)	42.16%	5.00%
TANF	4.46%	4.18%
Source: Midwest Evaluation of the Adult Functioning of Former Foster Youth		

To estimate the taxpayers' costs in terms of additional welfare payments, it is necessary to obtain the average benefits per program recipient for each of these programs. Virginia DSS tracks total program spending as well as the total number of recipients in Virginia. Their data show that the average benefit for TANF recipients was \$129 per month in 2010, while the average benefit for SNAP recipients was \$129 per month.²³ Based on data from the 4th quarter of 2010, the average unemployment insurance payment in Virginia was \$285 per person per week, with the average unemployment payment lasting 15.3 weeks.²⁴ In Virginia, DSS does not operate a specific housing program, but many foster youth can receive monthly allowances that cover housing costs. As a result, Chmura

²² Medicare and FAMIS program costs are analyzed in the health care costs section.

²³ Source: Virginia DSS website, at: http://www.dss.virginia.gov/geninfo/reports/agency_wide/asr.cgi.

²⁴ Source: http://workforcesecurity.doleta.gov/unemploy/content/data_stats/datasum10/DataSum_2010_4.pdf

calculates the additional costs from VDSS General Assistance program, with average payment of \$75 per recipient in 2010.²⁵

Combining average welfare benefits with the number of aging-out foster youth in Virginia, it is estimated that the total welfare costs for this group amounted to \$1.1 million in Virginia in 2010 (Table 4.5). Broken down by assistance programs, SNAP costs Virginia taxpayers \$488,416 in 2010 and the TANF program costs Virginia taxpayers \$55,817 in 2010. Other welfare costs were \$519,529 for unemployment insurance, and \$38,632 for other general public assistance.

	Virginia	Central Virginia
Unemployment insurance	\$519,529	\$149,021
SNAP	\$488,416	\$140,096
General assistance (includes public housing)	\$38,632	\$11,081
TANF	\$55,817	\$16,010
Total	\$1,102,393	\$316,208

Source: Chmura Economics & Analytics

4.2.2. Economic Costs due to Crime

Former foster youth are more likely to engage in illegal activities than their peers. Based on data from *Midwest Evaluation of the Adult Functioning of Former Foster Youth*, 68.4% of young adults who were former foster youth had been arrested and 42.4% of them were convicted. As a comparison, only 10.4% of their peer groups have been arrested and 5.9% of them were convicted.

	Midwest Foster Youth	National Peers
Ever arrested	68.36%	10.39%
Arrested since age 18	50.46%	1.51%
Ever convicted	42.43%	5.86%
Convicted since age 18	29.75%	5.09%

Source: Midwest Evaluation of the Adult Functioning of Former Foster Youth

The measurable crime costs come from two sources—one is the damage done to society, such as property damages, theft, or personal injuries. The other type is costs incurred by the taxpayers of Virginia. In high-crime areas, local governments have to increase spending on their police force to ensure public safety. Data from the national study are used to form a basis for the cost per crime. The average crime cost data are from the Department of Justice's Bureau of Justice Statistics (BJS). BJS uses the term "economic loss" to measure the cost of crimes. In 2007, the average economic loss of all crimes was \$790 per crime. Crimes have different magnitudes in terms of economic losses. For example, the average economic loss for car theft was \$6,286 per crime, while the average cost of assault was \$236 per crime in 2007.²⁶

²⁵ Source: Virginia DSS website, at: http://www.dss.virginia.gov/geninfo/reports/agency_wide/asr.cgi.

²⁶ Source: <http://bjs.ojp.usdoj.gov/index.cfm?ty=pbdetail&iid=1094>

The Midwest study of former foster youth provided detailed information on the illegal activities they committed in 2008. For example, 10.17% of former foster youth reported that they deliberately damaged someone's property, while only 6.3% of their national peers reported the same. To estimate the average economic losses due to crimes committed by former foster youth, Chmura matched illegal activities in the Midwest study with the BJS average crime cost.²⁷ The average crime cost for former foster youth was \$263 per offense, while it was \$196 per offense for their peer group measured in 2007 dollars.

Table 4.7: Involvement in Illegal Activities		
	Midwest Foster Youth	National Peers
Deliberately damaged someone's property	10.17%	6.30%
Stole something worth < \$50	6.86%	5.56%
Entered a house or building to steal something	2.86%	1.29%
Used or threatened to use a weapon to get something from someone	2.90%	1.34%
Sold marijuana or other drugs	6.96%	5.38%
Stole something worth > \$50	6.36%	2.82%
Took part in a fight involving one group against another	11.80%	6.43%
Bought, sold, or held stolen property	4.57%	3.09%
Used someone's credit card or bank card without their permission	2.41%	1.24%
Deliberately wrote a bad check	4.77%	4.44%
Used a weapon in a fight	3.15%	1.24%
Carried a handgun to school or work	2.48%	1.24%
Ever belonged to a named gang	11.81%	14.67%
Owned a handgun	6.25%	9.95%
Become injured in a fight that medical treatment is necessary	3.97%	2.87%
Hurt someone badly in a fight that medical treatment was required	6.64%	4.26%
Pulled a knife or gun on someone	2.06%	0.73%
Shot or stabbed someone	0.19%	0.45%

Source: Midwest Evaluation of the Adult Functioning of Former Foster Youth

Economic losses due to crime were calculated by estimating the number of crimes committed by aging-out foster youth using the percentage of foster youth involved in illegal activities and the number of aging-out foster youth in Virginia. Chmura then applies BJS' economic loss per crime figures. Using this method, it is estimated that the economic losses due to crime amounted to \$85,382 in 2010 in Virginia. In Central Virginia, the costs were \$24,490 in 2010.

Data from the BJS indicates that in 2006, total expenditures on law enforcement were \$98.9 billion nationally.²⁸ The annual average crimes committed nationally is \$23.5 million.²⁹ The average costs for public safety were \$4,208 per crime in 2006 dollars. Because former foster youth commit more crimes, taxpayers have to increase their expenditures on law enforcement. The increased law enforcement expense is estimated to have been \$748,254 in 2010 in Virginia, and \$216,428 in the GE Central Virginia region.

²⁷ For example, for theft, Chmura uses \$403 from the BJS report. Some of the illegal activity listed in the Foster Care Study has no tangible economic losses, such as owning a hand gun or bringing weapons to school. For those, Chmura assigned a \$0 loss.

²⁸ <http://bjs.ojp.usdoj.gov/content/glance/tables/exptyptab.cfm>.

²⁹ Source: <http://bjs.ojp.usdoj.gov/index.cfm?ty=tp&tid=44>

4.2.3. Incarceration Costs

The Midwest study found that at the time of their study in 2008, 7.5% of former foster youth were incarcerated compared with 0.3% for the control group.

To estimate the incarceration costs (including housing, feeding, and the administration costs of the prison system), data from the national study are used. The data from BJS showed that in 2006, the United States spent \$68.7 billion on corrections (including federal, state and local governments).³⁰ The total incarcerated population in 2006 was 2.3 million.³¹ The average incarceration costs were \$29,870 per inmate per year in 2006 dollars.³² However, not all of the inmates stay in prison for multiple years. The average prison sentence was 63 months.³³

Combining the estimated number of former foster youth in prison with the annual average cost of incarceration, it is estimated that Virginia taxpayers incurred an additional \$1.7 million in 2010 due to the high incarceration rate for former foster youth. In the GE Central Virginia region, the costs were \$481,608 per year.

4.2.4. Health Care Costs

Former foster care youth are more likely to be without private health insurance that often comes with employment. As a result, they are more likely to be uninsured or rely on taxpayer-supported Medicaid programs. In either case, society incurs additional health care costs for care for them.

Data from VDSS indicated that foster youth were more likely than their comparison group to receive Medicaid benefits (see Section 3.4). The average monthly payment per individual was \$715 in 2010.³⁴ Combining this with the estimated number of aging out foster youth in Virginia, it is estimated that the additional Medicaid costs for Virginia foster youth is \$524,085 in 2010, and \$150,327 for GE central Virginia region.³⁵

	Virginia	GE Central Virginia
Medicaid	\$524,085	\$150,327
Uninsured charity care	\$91,452	\$26,232
Total	\$615,537	\$176,559

Source: Chmura Economics & Analytics

Foster youth not in the Medicaid program may rely on emergency room visits and hospital charity care for basic healthcare. This in turn puts financial strain on hospitals and society at large. The Midwest study found that at the time of their study, only 57.0% of former foster youth had health insurance, compared with 78.0% for the control group. The same study also found that on average, former foster youth visited the emergency room 1.2 times during 2008, and were hospitalized 0.3 times.

³⁰ Source: <http://bjs.ojp.usdoj.gov/content/glance/tables/exptyptab.cfm>.

³¹ This number does not include those on parole or probation, Source: <http://bjs.ojp.usdoj.gov/content/glance/tables/corr2tab.cfm>.

³² Source: <http://bjs.ojp.usdoj.gov/index.cfm?ty=pbdetail&iid=1743>.

³³ Ibid.

³⁴ Source: Virginia DSS website, at: http://www.dss.virginia.gov/geninfo/reports/agency_wide/asr.cgi

³⁵ There is no additional cost for the FAMIS program, as DSS data indicated that both foster youth and their comparison group received benefits at the same rate.

Based on 2008 Virginia Health Information (VHI) data, all hospitals in Virginia provided \$1.5 billion in charity care, and there were an estimated 3.7 million total patient cases (resulting from charity care) of hospital admissions and emergency room treatments. As a result, each uninsured visit to the emergency room or hospital admission costs the health care industry \$410 in 2008. Combining this with estimated total visits of former foster care youth, it is estimated that the health care costs attributable to uninsured foster youth amounted to \$91,452 in 2010 in Virginia. In GE Central Virginia, the costs were \$26,232 in 2010.

4.3. Foster Care Cost Summary

Table 4.9 summarizes the annual estimated social costs as a result of foster care. In 2010, the total costs for Virginia's aged out foster youth are estimated to have been \$29.7 million. The lost economic output is the largest component of the social costs for foster care, followed by incarceration costs, welfare costs, and crime costs. In Central Virginia, the annual costs of foster care are estimated to have been \$8.5 million in 2010.

Table 4.9: Annual Costs of Foster Care (2010 Dollars)		
	Virginia	Great Expectations Central Virginia
Total lost economic output	\$25,612,166	\$7,346,547
Among those: lost earnings	\$7,171,406	\$2,057,033
Welfare costs	\$1,102,393	\$316,208
Crime costs	\$833,636	\$239,119
Incarceration costs	\$1,572,238	\$450,978
Health care costs	\$615,537	\$176,559
Total	\$29,735,970	\$8,529,412
Average cost per aged out foster youth	\$41,460	
Source: Chmura Economics & Analytics		

The above analysis indicates Virginia incurred economic and social costs of \$41,460 per aging-out foster youth in 2010.

5. Potential Benefits of Great Expectations

The analysis from Section 4 indicates that aging out foster youth would cost Virginia \$29.7 million in 2010 in terms of lost economic opportunity and other social costs. For the GE Central Virginia region, the annual costs could reach \$8.5 million. Virginia incurs over \$40,000 per year in economic and social costs for each aging out foster youth.

Currently, there are 377 students enrolled in Great Expectations programs across the state, implying that about 189 new students enrolled into the program annually.³⁶ If the program is successful in eliminating the achievement gaps in terms of economic and social outcomes between former foster youth and their peers, the program can save Virginia \$7.8 million per year after those participants graduate with an associate's degree. Even if the program can only reduce the achievement gaps by half, the benefits of Great Expectations can still reach \$3.9 million per year for Virginia. The Great Expectations program can significantly reduce the economic and social costs of the foster care system in Virginia. The annual operation costs for the Great Expectations program was \$1.2 million in 2010.³⁷ The benefit of the Great Expectations program outweighs the program costs by a large margin.

The Great Expectations program may be able to improve educational attainment and employment opportunities for these former foster youth. But in reality, due to the limitation on funding and capacity, the program cannot enroll all foster youth. So far, of the 23 community colleges in Virginia, 15 have established Great Expectations programs. Of the six community colleges in Central Virginia, four have established Great Expectations programs. There are still several colleges in Virginia that do not participate in the program. As a result, foster youth in these areas will not have access to the program. The potential benefits of the Great Expectations program imply the need to expand the program to improve accessibility to all foster youth. If more former foster youth are able to enroll in Great Expectations programs, it will create greater benefits to the Virginia economy and society.

³⁶ Source: VCCS, May 2011. Assuming students spend two years in community college.

³⁷ Ibid.

6. Conclusions

In 2010, over 6,000 youth were in Virginia's Foster Care Program. Many of them will be aging out of the foster care system. Those aging-out foster youth will be more likely to receive public assistance, less likely to complete college, and more likely to be involved in the criminal justice system.

The total annual costs for Virginia foster youth are estimated to have been \$29.7 million in Virginia in 2010, or \$41,460 per aging-out foster youth. The lost economic output is the largest component of the costs of foster care, followed by incarceration costs, welfare costs, and crime costs.

Currently, there are 377 students enrolled in Great Expectations programs across the state. If the programs are successful in eliminating the achievement gaps in terms of economic and social outcomes, it can save Virginia \$7.8 million per year, resulting in significant cost savings for Virginia tax payers and society at large. The annual operation costs for the Great Expectations program was \$1.2 million in 2010. The potential benefits of the Great Expectations program outweigh the program costs by a wide margin.

Appendix: Great Expectations Central Region Definition

FIPS	Locality
001	Albemarle
003	Amelia
005	Amherst
007	Appomattox
009	Bedford County
011	Buckingham
013	Campbell
015	Caroline
017	Charles City
019	Chesterfield
021	Culpeper
023	Dinwiddie
025	Essex
027	Fluvanna
029	Gloucester
031	Goochland
033	Greene
035	Hanover
036	Henrico
037	King And Queen
041	King George
043	King William
045	Lancaster
047	Louisa
049	Madison
051	Mathews
053	Middlesex
057	Nelson
059	New Kent
061	Northumberland
063	Orange
065	Powhatan
067	Prince George
069	Richmond County
071	Spotsylvania
073	Stafford
075	Surry
077	Sussex
079	Westmoreland
081	Bedford City
083	Charlottesville
085	Colonial Heights
087	Fredericksburg
089	Hopewell
091	Lynchburg
093	Petersburg
095	Richmond City