

Provincial Advocate  
*for* Children & Youth

# 25 is the NEW 21

The Costs and Benefits  
of Providing Extended Care  
& Maintenance to Ontario  
Youth in Care Until Age 25

# 25 is the NEW 21

**Provincial Advocate**  
*for* **Children & Youth**

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# Contents

Foreword .....	6
Executive Summary .....	7
Introduction .....	8
<b>PART 1: The System of Care in Ontario</b> .....	12
PORTRAIT OF CHILDREN IN CARE .....	12
YOUTH ON THE BRINK OF AGING OUT OF CARE .....	14
<b>PART 2: Portrait of Youth After Leaving Care</b> .....	16
ENTERING ADULthood .....	16
CHALLENGES FACING YOUTH AFTER THEY LEAVE CARE .....	17
Lack of Education .....	17
Unemployment and Underemployment .....	18
Economic Hardship .....	18
Increased Welfare or Social Assistance Dependence .....	19
Involvement with the Criminal Justice System .....	19
Homelessness and Housing .....	20
Mental Health .....	21
Pregnancy and Parenthood .....	21
WHAT DO YOUTH WANT AS THEY AGE OUT OF CARE? .....	22
Resources .....	22
Connection .....	22
Voice .....	23
<b>PART 3: Extending Benefits to Youth Aging Out of Care</b> .....	26
EXTENDED SUPPORT FOR YOUTH IN ONTARIO .....	26
Extended Care and Maintenance .....	26
Crown Ward Aftercare Benefits program .....	27
EXTENDED SUPPORT FOR YOUTH IN CANADA .....	27
SUMMARY OF ALL CANADIAN PROGRAMS .....	28
PROGRAMS OF NOTE .....	29
Nova Scotia .....	29
New Brunswick .....	29
Manitoba .....	29
Alberta .....	29
British Columbia .....	30
EXTENDED SUPPORT FOR YOUTH OUTSIDE OF CANADA .....	30
United Kingdom .....	30
Australia .....	31
New Zealand .....	31
United States .....	32

<b>PART 4: Cost-Benefit Analysis Research Findings on Youth Leaving Care</b>	34
US Studies	36
CHAPIN HALL STUDY	36
Data Sources and Assumptions	36
Analysis	36
Observations	37
PARTNERS FOR OUR CHILDREN STUDY	37
Data Sources and Assumptions	37
Analysis	38
Observations	38
PACKARD ET AL. STUDY	38
Data Sources and Assumptions	38
Analysis	39
Observations	40
CUTLER CONSULTING STUDY	41
Data Sources and Assumptions	41
Analysis	41
Observations	42
WASHINGTON STATE INSTITUTE FOR PUBLIC POLICY STUDY	42
Data Sources and Assumptions	43
Analysis	43
Observations	43
Australian Studies	44
RAMAN ET AL STUDY	44
Data Sources and Assumptions	44
Analysis	44
Observations	45
MORGAN DISNEY AND ASSOCIATES STUDY	45
Data Sources and Assumptions	45
Analysis	45
Observations	46
<b>PART 5: Cost-Benefit Analysis</b>	48
Overall Design and Definition of Populations	48
General Methodology	48
Assumptions	49
Data	50
<b>COSTS</b>	50
Extending ECM to age 25	50
<b>BENEFITS</b>	51
Incarceration	51

## Contents

Short-term Social Assistance Avoided.....	52
Long-term Social Assistance Avoided .....	52
Education .....	53
Tax Revenue .....	55
<b>SUMMARY ANALYSIS OF COSTS AND BENEFITS .....</b>	<b>57</b>
<b>PART 6: Recommendations.....</b>	<b>58</b>
1. Implement ECM25 .....	58
2. Extend Eligibility for Extended Care & Maintenance (ECM).....	58
3. Increase the ECM Amount. ....	58
4. Extend Foster Care Rates to Families of Youth Aging Out of Care. ....	58
5. Develop a Comprehensive Tracking System to Understand the Outcomes of Youth Leaving Care in Ontario.....	59
6. Develop Legislative and Inter-ministerial Committees to Address the Issues of Youth in Care.....	59
<b>Works Cited.....</b>	<b>60</b>
<b>APPENDIX A – Inputs and Parameters Used in Cost-Benefit Model.....</b>	<b>66</b>

## Figures

FIGURE 1 Children in Care in Ontario, by Legal Status, 2009 .....	12
FIGURE 2 Placement of Children in Care in Ontario, 2010 .....	13
FIGURE 3 16 and 17-year-olds in Care in Ontario by Legal Status, 2009.....	14
FIGURE 4 16 and 17-year-olds in Care in Ontario by Placement, 2009 .....	15

## Tables

TABLE 1 Extended Provisions in Provincial Child Protection Legislation Throughout Canada .....	28
TABLE 2 Costs, Benefits, and Cost Savings in Seven Studies of Youth Aging Out of Care .....	34
TABLE 3 Per Youth Cost of ECM25 Program .....	51
TABLE 4 Avoided Incarceration Costs .....	51
TABLE 5 Avoided Short-term Social Assistance Costs, for Youth Aged 21-25 .....	52
TABLE 6 Avoided Long-term Social Assistance Costs .....	53
TABLE 7 Graduation Outcomes for Youth Participating in ECM25.....	55
TABLE 8 Increased Tax Revenues from Youth Participating in ECM25 .....	56

## A Message from the Provincial Advocate

As the Provincial Advocate for Children and Youth, I have the honour of serving young people who are in the care of the Province of Ontario, or who are on the margins of care. One of the long-term challenges that Ontario's Crown Wards have faced is their transition out of care and into independent living. When these young people reach the age of 18, they are expected to become self-reliant and begin finding for themselves at an age at which most young people in Ontario are still living with and supported by family.

There is clear evidence that when Crown Wards transition from care they do not do as well as other young adults. They are less likely to have a high school diploma, to pursue higher education or to earn a living wage. They are more likely to experience economic hardships, to be homeless, to struggle with mental health challenges and to become involved with the criminal justice system.

I know we can do better for these children and youth. Last November, my Office, together with a team of young people from the care system, asked youth in and from care from across Ontario to submit their ideas and experiences. With the support of the office, they also organized and held special Youth Leaving Care Hearings at the Ontario legislature, to talk about the challenges Crown Wards face when they begin to age out of care. These remarkable youth started a movement and created a unique way to propose solutions to their own problems.

One of the suggestions that came up again and again in the submissions and at the Hearings was to continue Extended Care and Maintenance (ECM) to age 25, instead of age 21. I believe that extending care would provide youth with a better chance to reach their full potential and give them the support they need as they start their journey to independence.

We undertook a cost-benefit analysis to assess the costs associated with continuing ECM to the age of 25. We found that increased investments in services for youth transitioning from care will result in future cost savings, numerous benefits to society and improved long-term outcomes for youth leaving care. This makes extending ECM to 25 not only economically sensible, but the right thing to do for Ontario's Crown Wards.

The Youth Leaving Care Hearings have given youth a powerful voice that is being heard throughout the province. At one time, we thought that continuing ECM to the age of 25 was beyond our reach. Now, after the success of the Hearings, that dream seems more attainable. We hope that the Province and those in the Child Welfare System will read the findings of this report and do the right thing for Ontario's Crown Wards.

**Irwin Elman**

Provincial Advocate for Children and Youth

# Executive Summary

Seven cost-benefit analyses have been undertaken in the United States and Australia to examine the costs to society of providing extra supports to youth in care after the age of 18. The studies reveal vastly different approaches, assumptions, and data sources. Yet all reach the same conclusion: increased investment in services for youth transitioning from care yield benefits in the long term.

This is the first such study to be done in Canada. The analysis is based on the best and most promising aspects of the seven cost-benefit analyses mentioned above. The report examines available Ontario data, as well as Canadian and international sources, to estimate the cost of a program extension in Ontario. It also estimates the savings that could be achieved by bettering the lives of youth aging out of care.

*"I went into care when I was 8 years old. I moved a couple of times but ended up in a foster home. It felt like family. They told me they loved me. Eventually I said 'I love you' back. Then when I turned 18 years old they said sorry but you have to leave. I was so hurt. I mean what kind of family does that? I told them I loved them. They said 'it was the rules'. I left and never spoke to them again. I was so depressed I wonder how I survived. I am going to college now and I am struggling. I don't know how or if I will make it."*

*– 20 year-old former youth in care*

"Extended Care and Maintenance" (ECM) is currently provided until age 21. If ECM and other supports are extended for four additional years, fewer youth will likely become involved with the criminal justice system. Fewer youth will likely access social assistance. More youth will likely finish high school and post-secondary education, thereby increasing their earnings and the taxes they will pay.

For every **\$1.00** the province of Ontario spends supporting its youth by extending ECM and supports to age 25, Ontario and Canada will save or earn an estimated \$1.36 over the working lifetime of that person.

## **If \$34,500 is spent on a single youth on ECM for four more years until age 25:**

\$77,000 could be saved or earned over one person's lifetime, (\$44,000 in present dollars).

- \$166 would be saved in incarceration expenditures.
- \$17,000 would be saved in social assistance expenditures.
- \$61,000 of tax revenue would be added

## **If \$103.5 million is spent on an entire cohort of 3,000 youth over the next four years:**

\$232 million could be saved or earned over 40 years (\$132 million in present dollars).

- \$103.5 million would be spent on an ECM extension.
- \$0.5 million would be saved in incarceration expenditures.
- \$51 million would be saved in social assistance expenditures.
- \$184 million of tax revenue would be added.

## Introduction

Imagine being 8 years old. Terrible things are going on at home. A stranger comes to your school and starts asking questions about your family. You are terrified. Instead of removing the people doing terrible things from your home, they remove you. Your world turns upside down as you cycle through different homes and different child welfare workers. Your worker tells you at some point that you will have to live on your own at age 18, ready or not. They tell you that they will support you with a monthly cheque until age 21, but only if you are going to school. Otherwise, they can direct you to the social assistance office and a local shelter. No one will be there to look after you, to support you through difficult times or to help you navigate life's challenges. You are alone.

*The province's children are simply not getting the same access to resources as their peers outside of care, and they do not have the same sense of connection.*

This story is hard to believe. But as cruel as it seems, this is exactly what happens to youth in the child welfare system. After lives filled with tremendous challenges, reaching adulthood does not always feel like an exciting time filled with possibility. The province's children are simply not getting the same access to resources as their peers outside of care, and they do not have the same sense of connection.

Turning 18 means that the province is no longer legally responsible for them. It is an abrupt end to the only system of support that many of these youth have ever known. They become too old for the child welfare system, but are too young and ill-prepared to live successfully on their own. The province fails to meet the needs of its children when they need support in overcoming their challenges the most.

The story is not a commentary on the young people who face tremendous challenges and still manage to work past these hurdles. Nor is it meant to criticize the foster parents who do so much for the children they care for, or the child welfare agencies that must follow strict rules when youth in their care reach the age of independence. Rather, it is a reflection of how the current child welfare system is failing to meet the needs of a small but extremely vulnerable segment of society.

In Ontario, a youth who is in permanent or customary care can delay facing the world completely alone until age 21 through the "Extended Care and Maintenance" (ECM) program. ECM provides financial assistance and support to youth living independently



after they reach the age of majority. Over the course of the past twenty years, many advocates and former youth in care have recommended extending ECM up to a young person's 25<sup>th</sup> birthday to improve long-term outcomes.

*"I mean, I needed a grown up, I was just a kid... I didn't even know what questions to ask. I didn't know who to turn to. I just figured it was over. So, I know those skills now, but I think what people need is another human being, really." - Youth*

Over the past two decades, a considerable body of international research has expanded the knowledge of outcomes of young people as they transition from the child welfare system to independence and adulthood. Although there is limited longitudinal data, a disheartening picture has emerged. Most youth leave care at age 18 or younger with few (if any) supports and face considerable challenges on their journey to adulthood.

The concept of adulthood is based on the idea that families are no longer legally responsible for the well-being of their children after age 18.<sup>1</sup> The province extends this premise to youth who have grown up in the child welfare system. Yet most parents continue to provide resources and connections for many more years as their child pursues higher education, finds employment and becomes independent.

Indeed, in Canadian society, more young adults are staying with their families well into their twenties. In 2006, 44% of young adults between the ages of 20 and 29 lived in the parental home, up from 32% just twenty years earlier.<sup>2</sup> The figure is much higher if one looks at those aged 20 to 24, where 60% are living with their family. More adult children are also returning to their parental homes within five years of first leaving, at triple the rates of two generations ago.<sup>3</sup>

*The unfortunate reality is that, compared to their peers, youth aging out of care do not do well.*

Attaining independence is a gradual process, which requires financial and emotional support. Why are youth who grow up as the province's children—youth who have faced considerably more challenges in their young lives than their peers—expected to be able to make it on their own once they turn 18 or 21?

The unfortunate reality is that, compared to their peers, youth aging out of care do

not do well. Many do not complete their high school education. Many rely on social assistance. Youth leaving care are more likely than their peers to become involved in the criminal justice system, experience homelessness, become parents too early, and suffer from mental health and substance abuse problems.

Many youth leaving care need more time and support to address challenges that have not been resolved by age 21.<sup>4</sup> For example, youth leaving care tend to complete high school later than their peers.<sup>5</sup> They are also more likely to need supports to address mental health issues and past traumas.

The people of Ontario agree. In a 2011 survey, 94% of respondents stated that they would support the government of Ontario investing in children in care in order to help these children complete high school.<sup>6</sup> In addition, 55% of respondents supported youth in care staying at home until high school or post-secondary education were completed or a full-time job was acquired.<sup>7</sup>

The Office of the Provincial Advocate for Children and Youth joins groups such as the Ontario Association for Children's Aid Societies, YouthCan, and the Task Force on Modernizing Income Security for Working Age Adults, who have all called for the eligible age of ECM to be extended up to age 25.

*Many youth leaving care need more time and support to address challenges that have not been resolved by age 21.*

We refer to this extension as "ECM25". It would better enable youth leaving care to finish high school, pursue post-secondary education and acquire the skills they need to live independently and successfully as young adults. ECM25 would also help normalize life experiences for youth.<sup>8</sup>

This paper seeks to continue a much needed conversation by carrying out the first Canadian cost-benefit analysis on extending care and maintenance to age 25 to youth leaving care. The financial costs and benefits of extending ECM to age 25 are compared to maintaining the status quo. This is done by comparing the current costs associated with poor outcomes for youth leaving care with the anticipated benefits to society. These benefits include reduced use of government services, reduced poverty, and improved employment and earnings opportunities. The benefits of

providing ECM25 outweigh the costs of providing the program.

A current snapshot of youth leaving care in Ontario is also presented, highlighting what is known about their outcomes after leaving care. The paper then examines evidence from other jurisdictions and the cost-benefit analysis research that has been undertaken to determine the effect of extending care.

*"Support us and watch what  
we can do." – 17 year-old youth in care*

1. Ontario Age of Majority and Accountability Act, R.S.O. c. A.7 (1990)  
[http://www.e-laws.gov.on.ca/html/statutes/english/elaws\\_statutes\\_90a07\\_e.htm](http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90a07_e.htm).  
See also What You Should Know about Family Law in Ontario, Ontario, March, 2010, p. 17.
2. Statistics Canada, The Daily: 2006 Census: Families, Marital Status, Households and Dwelling Characteristics, September 12, 2007.  
<http://www.statcan.gc.ca/daily-quotidien/070912/dq070912a-eng.htm>
3. Statistics Canada, Back to School – September, 2007.  
<http://www.statcan.gc.ca/pub/81-004-x/2007003/4068814-eng.htm>.
4. Ontario Association of Children's Aid Societies, An Agenda for Children and Youth Pre-Budget Consultation, Toronto, February 1, 2011, p. 17.
5. Ontario Association of Children's Aid Societies, Review of the Child and Family Services Act: Recommendations of the Ontario Association of Children's Aid Societies, Toronto, January 2010, p. 27.
6. Ontario Association of Children's Aid Societies, Children's Well-Being: The Ontarian Perspective, Child Welfare Report, 2011, p. 4.  
<http://www.oacsgroups.org/uploads/cwr/11childwelfarereporteng.pdf>
7. Ibid.
8. Ibid, p. 8.

# The System of Care in Ontario

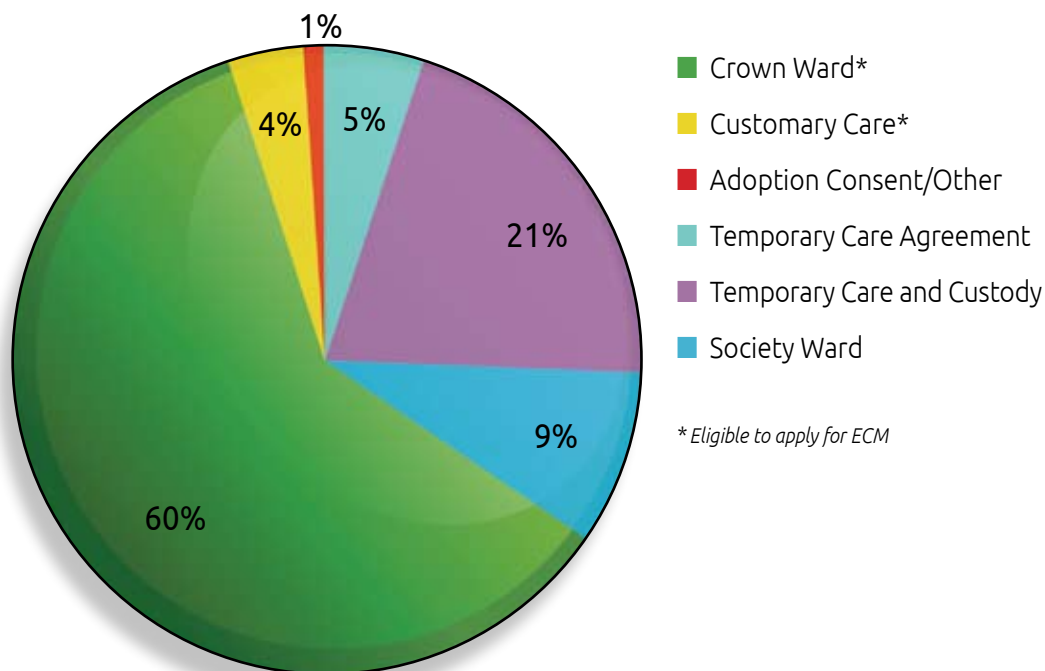
## PART 1

### PORTRAIT OF CHILDREN IN CARE

Almost 17,000 of Ontario's 3.1 million children are in the care of Children's Aid Societies.<sup>9</sup> This means that on any given day, 1 out of every 182 children in Ontario is in care.<sup>10</sup>

Figure 1 shows a breakdown of children in care by **legal status** in 2009. The chart excludes youth who have signed ECM agreements. Legal status denotes whether a child is living in permanent or temporary care. It can also mean that different services are available to a youth. For example, Crown Wards, youth in customary care, and youth in legal custody under Section 65.2 of the *Child and Family Services Act* will all be eligible to sign an ECM agreement at age 18. Other youth in care will not. Figure 1 shows that at least 64% of youth (Crown Wards and youth in customary care) will eventually be eligible for ECM.

FIGURE 1. Children in Care in Ontario, by Legal Status, 2009

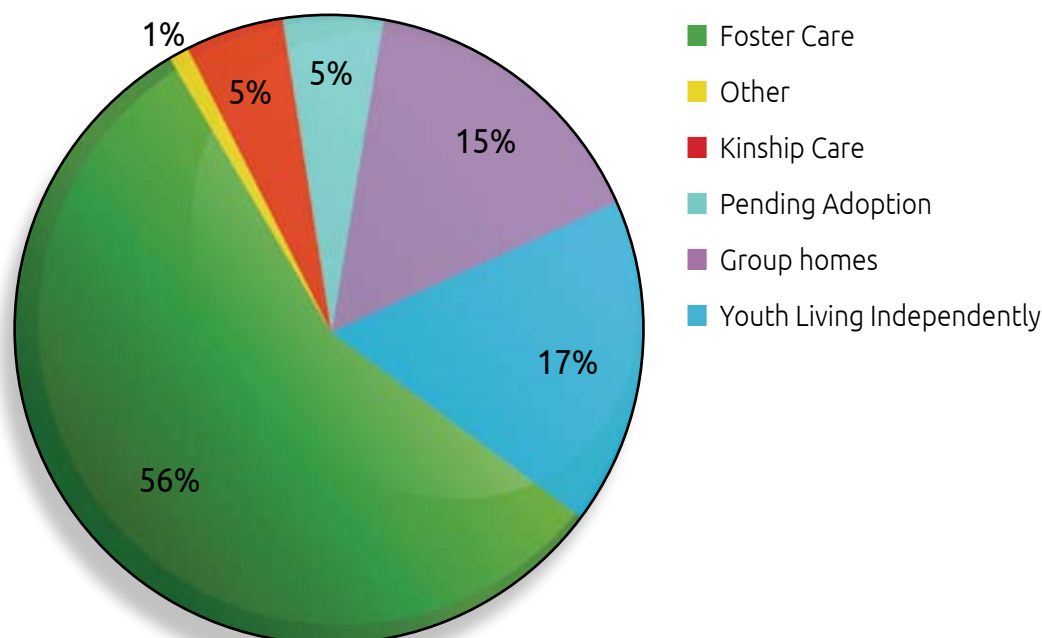


Source: Ontario Association of Children's Aid Societies, *Children in Care Fact Sheets* as at March 31, 2009, August, 2009, p.3.

Figure 2 shows a breakdown of children in care by **placement** in 2010. Placement denotes where a child is living. Just over 60% of children in care live in family arrangements, such as kinship or family-based foster care. The remaining third live in group homes, in institutional care, or independently.

Children in care experience more challenges than their peers. The challenges may come from multiple placements, as well as the original reasons for removal from parental homes. Children in care have disproportionately more academic difficulties and health issues, including mental health problems such as Attention Deficit Disorder, hyperactivity, and developmental delays.<sup>11</sup> Children in care who go through frequent moves and placement changes are more likely to have problems when they transition out of care.<sup>12</sup> In one analysis of youth aging out of care, 43% of the sample were having the most difficulties with the transition to adulthood. This group shared the following characteristics in their background: multiple placements, episodes of running away, and placement in non-familial settings.<sup>13</sup>

FIGURE 2. Placement of Children in Care in Ontario, 2010



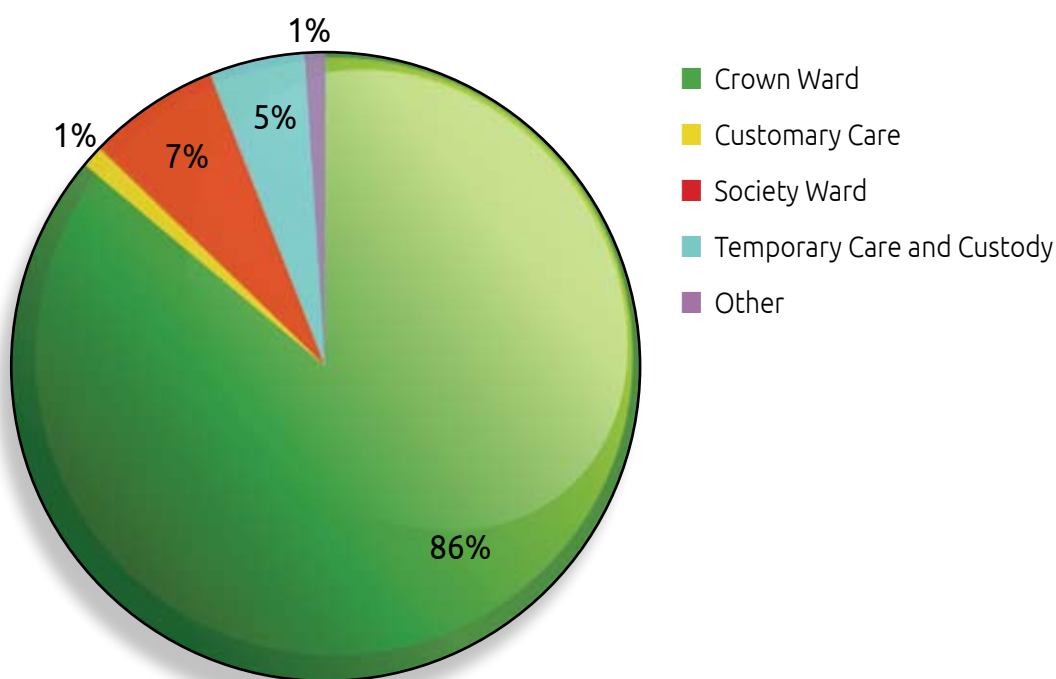
Source: Ontario Association of Children's Aid Societies, *Children's Well-being: the Ontarian Perspective, Child Welfare Report 2011*, p. 22.

### YOUTH ON THE BRINK OF AGING OUT OF CARE

The following table illustrates the legal status of the young people about to age out of care in Ontario. Of the nearly 18,000 children in care in Ontario in 2009, 17% were about to age out of care. These were youth aged 16 and 17.

- In 2009, there were 1,560 16-year-olds and 1,441 17-year-olds in care.
- Most of these youth were Crown Wards. Crown Wards and youth in customary care become eligible for Extended Care and Maintenance at age 18.

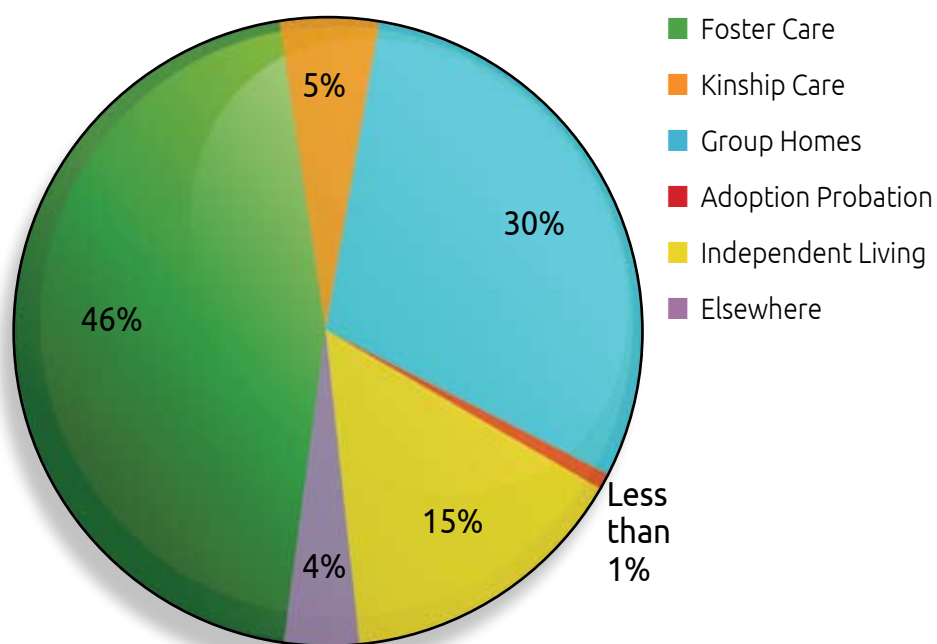
FIGURE 3. 16 and 17-year-olds in Care in Ontario by Legal Status, 2009



*Source: Ontario Association of Children's Aid Societies, Children in Care Fact Sheets as at March 31, 2009, August 2009, p. 9.*

Figure 4 shows the living situations of the youth about to age out of care. Proportionately, more 16 and 17-year-olds were living in group homes, compared to all children in care. This suggests that some of these youth have more intensive needs.

FIGURE 4. 16 and 17-year-olds in Care in Ontario by Placement, 2009



Source: Ontario Association of Children's Aid Societies, *Children in Care Fact Sheets* as at March 31, 2009, August 2009, p.5.

9. Ibid, p. 4. 16,825 children were living in care in 2010.
10. Bay Consulting Group, *A Description of the Child Welfare System Landscape in Ontario*, October, 2010, p. 24.
11. Public Health Agency of Canada, *Canadian Incidence Study of Reported Child Abuse and Neglect – 2008: Major Findings*, Ottawa, 2010, cited in Table K5-2, Ontario Association of Children's Aid Societies, February 2011, p. 15.
12. Keller, E., Cusick, T., Gretchen, R. & Courtney, M.E., *Approaching the Transition to Adulthood: Distinctive profiles of adolescents aging out of the child welfare system*, *Social Service Review*, 2007, 81(3), 454-484.
13. Ibid.

# Portrait of Youth After Leaving Care

## PART 2

### ENTERING ADULTHOOD

The developmental stage following a person's 18<sup>th</sup> birthday is when a young person has the ability to test the waters, make mistakes and learn from them, and ultimately acquire the tools and experiences needed to live successfully. In Canada, this age group tends to put off full independence. More than half of Canadian 20–24-year-olds live with their parents.<sup>14</sup>

Youth aging out of care in Ontario do not have the option to return to their homes. Nor can they approach independence gradually. For example:

- A young person in care has the option of leaving care beginning at age 16 through an application to the court to terminate their involvement with a Children's Aid Society.
- Most young people leave foster or group homes at age 18 because caregivers are not compensated for youth living in their care after age 18. A fortunate few stay with their foster family or group home after the legal responsibility of the state for their care has ceased.
- At age 18, Crown Wards and Aboriginal youth in customary care may apply for Extended Care and Maintenance, a discretionary program the child welfare agencies are not required to offer.
- Extended Care and Maintenance payments do not provide sufficient financial support to allow a young person to remain in a foster or group home.
- Recent amendments to legislation allow a youth who received services from a Children's aid Society at 16 or 17, but terminated those services, to still apply for Extended Care and Maintenance after they turn 18. (A youth aged 16 or over cannot be taken into care without prior contact with the system.)
- At age 21, former youth in care, including those who were accessing Extended Care and Maintenance benefits, become ineligible for most supports.

These age breaks do not reflect the present Canadian reality. Canadian youth transition to independence at a later age, and government programs increasingly extend the definition of "youth" to incorporate adults up to age 30.<sup>15</sup>

Designated ages for exiting care are not correlated with a young person's abilities or readiness to be independent. Due to instability in the parental home and multiple placements throughout their time in care, youth often take longer to reach milestones of independence compared to their peers. For example, several studies found that youth in care are more likely to repeat grades. In Washington, youth in care in elementary or secondary schools were found to be twice as likely as their peers to have repeated a grade.<sup>16</sup>

Youth aging out of care are left to worry about securing decent and affordable housing,



having enough income, and finishing their education. This has led to disproportionately negative outcomes for youth in care as compared to the rest of the population.

## CHALLENGES FACING YOUTH AFTER THEY LEAVE CARE

Young people in care already face many disadvantages, starting with the basic lack of family support structure. Maltreatment in the parental home or instability resulting from multiple placements can all create additional challenges.<sup>17</sup> These challenges, along with the abruptness of emancipation and lack of support for youth, make aging out of care a markedly more difficult transition. Here we look at those challenges in more detail.

### Lack of Education

Education is a gateway to opportunity and self-sufficiency. Finishing high school is a minimum requirement for most jobs. Completing as little as one year of post-secondary education can boost a person's lifetime earnings. Yet youth aging out of care often struggle to finish high school and rarely complete post-secondary education.<sup>18</sup>

A survey of Crown Wards in Ontario found that 21% of children and youth in care under the age of 18 were not enrolled in school.<sup>19</sup> These difficulties may stem from (or be exacerbated by) the experiences of inconsistent parenting, school problems, and other disruptions emerging from multiple placements.<sup>20</sup>

*"...I didn't get to finish high school. I had to move schools several different times and because of my moving status, I was always bumped around..." - Youth*

Youth in care typically take longer to complete their education. Ending services at age 18 or 21 often means a loss of key support in the midst of completing secondary or post-secondary schooling. During the time when most Canadian youth have the opportunity to focus on their studies, youth aging out of care are often establishing new households, paying bills, managing household budgets, and trying to ensure their basic financial security.<sup>21</sup>

Losing financial, emotional, and housing supports during the pursuit of higher education creates a major roadblock to completing studies. Nationally, only 30% of Canadian youth in care complete high school.<sup>22</sup> In Ontario, only 44% of youth in care are expected to graduate from high school, compared to the 81% high school graduation rate for all Ontario students.<sup>23</sup>

Of the youth in care who did enrol in post-secondary education, the majority, 84%, were enrolled in apprenticeship and community college programs. Only 16% enrolled in University.<sup>24</sup> In British Columbia, the "Health and Well-being of Children in Care" project reported that youth who were never in care were more than twenty times more likely to enrol in post-secondary education than youth who had been in care.<sup>25</sup>

### **Unemployment and Underemployment**

Many young adults in Canada delay the transition to adulthood until their late 20s to pursue post-secondary education.<sup>26</sup> This opportunity to gain basic skills and better job prospects is seldom available to youth who exit care. They often have trouble getting work.<sup>27</sup>

Numerous studies have found that youth aging out of care are much more likely than their peers to be unemployed or underemployed.<sup>28</sup> For example, the Midwest Study found an unemployment rate of 52% for former youth in care who had reached 23–24 years of age.<sup>29</sup>

The *Promoting Positive Outcomes* study, a longitudinal research project following youth who aged out of care in BC, found that many worked in part-time jobs for fairly low wages.<sup>30</sup> Only 38% of youth who had left care within the past year reported employment earnings as their main source of income.

In the Midwest study, 90% of employed participants were earning less than \$10,000 a year at age 19.<sup>31</sup> At age 23–24, half of the employed participants were earning less than \$8,000.<sup>32</sup>

The changing economy has reduced the number of low-skilled jobs, making finding a job fairly difficult for youth with lower education.<sup>33</sup> An additional challenge to securing good employment is the discrimination faced by older adolescents. Whether a young person is exiting from care or not, it is difficult to attain good quality, stable, and decent-paying jobs.<sup>34</sup> Youth not in care are often able to find their first jobs through connections, such as acquaintances of their parents. Youth who are in care tend to lack these personal connections.

### **Economic Hardship**

Low educational attainment and high unemployment mean that many youth who leave care face poverty.<sup>35</sup> In the *Promoting Positive Outcomes* study, all of the participants were living in poverty—whether they earned their income or received social assistance.<sup>36</sup> In the Midwest Study of former foster youth, 75% reported income from work during the past year, yet the median income was only \$8,000. Compare that to \$18,000 for the rest of the population.<sup>37</sup>

*Many youth leaving care are part of an intergenerational cycle of poverty. Some were removed from the parental home in the first place because of extreme poverty.*

Other indicators of poverty, such as food insecurity, are prevalent among former youth in care. The Midwest Study found that almost one third of youth who had left care at age 18 had low or very low food security.<sup>38</sup> In addition, youth aged 21 or 22 did not have enough money to pay for rent or utility bills at a rate twice that of their peers.<sup>39</sup>

Many youth leaving care are part of an intergenerational cycle of poverty. Some were removed from the parental home in the first place because of extreme poverty. Others may have been removed from the home for one or many of the reasons associated with low income, unemployment, exposure to violence, substance abuse, maternal depression, and child maltreatment.<sup>40</sup>

### **Increased Welfare or Social Assistance Dependence**

ECM was originally designed to steer youth aging out of care away from social assistance. However, low educational attainment, high unemployment, and insufficient skills lead a disproportionate number of former youth in care to access social assistance at age 21.

In BC, more than half of the youth leaving care applied for social assistance within 6 months of leaving care in 2009/2010.<sup>41</sup> Youth who were a few years out of care reported that social assistance was their main support more often than employment. In the Midwest Study, 89% of custodial mothers, and one-third of young men aged 23–24, had received benefits from one or more needs-based government programs within the past year.<sup>42</sup>

*"I went from being financially supported to having nothing, but I wasn't given an opportunity to learn about budgeting or handling my money properly." – Submission to Youth Leaving Care Hearings*

Social assistance is a helpful part of the social safety net. However, once a person is on social assistance for an extended period, it can be extremely difficult to leave and become self-reliant.

### **Involvement with the Criminal Justice System**

Youth aging out of care are more likely than their peers to become involved with the criminal justice system.

In an Australian study, almost half of the participants reported having committed a criminal offence since leaving care.<sup>43</sup> Former youth in care in the Midwest Study reported high levels of involvement with the criminal justice system as well, with seven per cent of youth at ages 23–24 incarcerated at the time of the interview.<sup>44</sup> Further, at ages 23–24, 18% of young women and 45% of young men had spent at least one night in jail, prison, or another correctional facility since their last interview.<sup>45</sup>

This association with the criminal justice system is also prevalent in Canada. In Ontario, 11% of Crown Wards had charges laid against them through the *Youth Criminal Justice Act* as of 2007.<sup>46</sup>

However, the youth were not just the perpetrators of crime. They suffered from high rates of violent victimization as well. In the Midwest Study, 22% of young men and 12% of young women had seen someone being shot or stabbed by the age of 19.<sup>47</sup> At the ages of 23–24, 22% of men and 9% of women had been the victims of violent crime within the past 12 months. This includes seeing someone being shot or stabbed, being shot or stabbed themselves, being beaten, or having a knife or gun pulled on them.<sup>48</sup> The data from British Columbia support this finding, with 68% of youth reporting victimization by assault, theft, or breaking and entering within a year after leaving care.<sup>49</sup>

### **Homelessness and Housing**

Research in the US, Canada, and the UK has shown an over-representation of youth in care among the homeless.<sup>50</sup> In fact, aging out of care is sometimes referred to as a “pipeline to the streets”.<sup>51</sup> A study of youth homelessness in Canada found that 43% of respondents had a history of involvement with the child welfare system.<sup>52</sup>

People with a history of being in care are also homeless for longer, and they become homeless at a younger age.<sup>53</sup> In addition, homeless people with mental and physical health histories were more likely to have a history of being in care.<sup>54</sup>

Homelessness leads young people to shelters, to “couch surfing”, and to staying in spaces that were not created as resting places.<sup>55</sup> Homelessness also leads to poor health in the form of insufficient nutrition, exposure to diseases, lice, fleas, and bedbugs, as well as sexual and physical violence.<sup>56</sup> There are mental health ramifications from homelessness as well. Lack of a permanent residence can contribute to stigma and lack of belonging in the community.<sup>57</sup>

The Midwest Study found that almost 40% of former youth in care had either been homeless or couch surfed since leaving care.<sup>58</sup> Most of the homelessness experienced by participants was within one year of leaving care. A study of youth in care in the Detroit metropolitan area found that 20% of these youth were in continually unstable housing situations from 2002–2003.<sup>59</sup>

*Lack of a permanent residence can contribute to stigma and lack of belonging in the community.*

Youth who try to live independently are the most vulnerable to homelessness directly after they leave care and their Crown Ward status is removed.<sup>60</sup> One study found that youth who exited care between ages 16 and 18 were markedly more likely to be in the homeless population as compared to those youth who exited after age 18.<sup>61</sup>

*The Homefree Nonprofit Foundation* report on the issue of housing for youth aging out of care noted that it is almost impossible for youth who have signed an ECM agreement to obtain affordable housing or even to devote less than half of their monthly income to housing.<sup>62</sup> In Toronto, a youth who has signed an ECM agreement and pays the average market rent for a bachelor apartment will spend 85% of his or her ECM on housing.<sup>63</sup> Affordable housing is so difficult to secure in Ontario that a young person leaving care would have to spend seven years on the waiting list.<sup>64</sup> In addition to cost, youth cited other housing challenges:<sup>65</sup>

- Poor quality of housing in need of repair
- Unsafe apartment buildings or rooming houses
- Landlord bias against young tenants
- Co-signer requirements
- Lack of supportive and accessible housing for youth with mental health, developmental, or physical disabilities

*A random sample of permanent wards in Ontario showed that almost one third of youth still in care had a mental disorder*

## **Mental Health**

Youth leaving care tend to have more mental health problems than their peers. Over 46% of Crown Wards have been prescribed drugs for psychiatric conditions.<sup>66</sup> When they age out of the system, they often lose their prescription drug coverage. The ability to control major mental illness is drastically diminished without access to prescribed medication. A random sample of permanent Wards in Ontario showed that almost one third of youth still in care had a mental disorder. In that group, 49% also had another type of disability.<sup>67</sup>

In addition, youth leaving care have shown higher levels of alcohol and drug use.<sup>68</sup>

## **Pregnancy and Parenthood**

Early childbearing can make it difficult to avoid poverty for young women, who are more likely to become the custodial parent. *The Health and Well-being of Children in Care* study in BC indicated that at age 19, a young woman in care was more than four times more likely to have been pregnant than a woman not in care.<sup>69</sup>

*In several studies, young mothers who were recently in care had their children taken away from them and placed temporarily or permanently in care.*

In the Midwest Study, 71% of young women reported being pregnant by age 21–22 (which would encompass both their time in and after care).<sup>70</sup> By ages 23–24, more than three-quarters of young women formerly in care had been pregnant at least once since leaving foster care.<sup>71</sup> Two-thirds had been pregnant more than once. For most, the pregnancy was unplanned.<sup>72</sup>

Sixty-one per cent of young men in the Midwest Study reported that their partners had become pregnant by the time the men had reached age 23–24.<sup>73</sup>

This can lead to the perpetuation of a cycle of care. In several studies, young mothers who were recently in care had their children taken away from them and placed temporarily or permanently in care.<sup>74</sup> Eighty-five per cent of the young parents in the *Promoting Positive Outcomes* study reported some type of involvement with the Ministry of Children and Family Development.<sup>75</sup>

### WHAT DO YOUTH WANT AS THEY AGE OUT OF CARE?

Youth who are aging out of care want resources. They want connection to a supportive adult. And they want to have a voice.

*“No 15-year-old should feel that they have nobody in this world. It was almost the end of me.” – Youth*

### Resources

Youth leaving care want an extension of supports until age 25, to enable them to develop the skills needed for success in life.<sup>76</sup> They need more time than their peers to attain their goals and overcome challenges. Extra financial support could be used for school, education, shelter, and to meet basic needs. Other resources and services that youth have named are:<sup>77</sup>

- Increased access to, and availability of, financial support
- Mentoring and peer support
- Individualized support and mechanisms for the transition and post-transition periods
- Support in gaining access to education, employment, and training programs
- Training in independent living
- Opportunities to develop decision-making and problem-solving skills

### Connection

Youth want and need emotional and social support, both during their transition from care and afterwards—an ongoing connection with someone who is important in their lives.<sup>78</sup> When youth who have successfully transitioned to adulthood are asked what

made the difference, the answer is often a supportive person.<sup>79</sup> In an Ontario Association of Children's Aid Societies (OACAS) study, 300 youth and 300 Children's Aid staff identified a positive social support as a key need for youth to smoothly transition into independence.<sup>80</sup>

## Voice

Youth also want to speak for themselves and to be heard.<sup>81</sup> They want the opportunity to have input into the systems and structures which affect them.<sup>82</sup> "With voice, young people can find the internal resources to choose to use the connection and external resources they have. Without voice, connection and resources remain untapped."<sup>83</sup>

*Youth want and need emotional and social support, both during their transition from care and afterwards—an ongoing connection with someone who is important in their lives.*

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# Extending Benefit Care to Youth Aging Out of Care

## PART 3

Various jurisdictions—both within and outside Canada—have aspired to increase the emotional and financial resources available to youth aging out of care.

### EXTENDED SUPPORT FOR YOUTH IN ONTARIO

#### **Extended Care and Maintenance**

Upon turning age 18, Crown Wards, youth living in customary care, as well as youth in legal custody under Section 65.2 of the *Child and Family Services Act*, are eligible to sign an Extended Care and Maintenance (ECM) agreement. This agreement ends a youth's status as a Crown Ward, but provides the young adult with an allowance to support the process of becoming independent.<sup>84</sup>

*"Some children at 18 cannot handle the expectations of getting yourself to work and/or college every day, cook for yourself, do your laundry, don't forget your homework. You have to grocery shop, keep your place clean, you now have bills to pay, don't miss a payment, you need to budget, you are out of money as there isn't enough money." - Professional*

Extended Care and Maintenance was first introduced by a limited number of Children's Aid Societies in 1985.

When it became a formal program in the mid-1980s, the monthly payment was intended to parallel the General Welfare Assistance (welfare) amount for single employable adults.<sup>85</sup> In 1994, the Ontario Government extended ECM to all Children's Aid Societies. The monthly financial benefit of \$663 has remained unchanged for many years. Children's Aid Societies recognize the inadequacy of this amount, and take money out of their operating budgets to add to the base ECM amount.

As a result, ECM participants receive \$830 a month, on average.<sup>86</sup> Some Children's Aid Societies provide additional health and dental benefits.<sup>87</sup> ECM has outpaced the current maximum of \$592 for Ontario Works (welfare), but the base rate is far below the current maximum monthly benefit of \$1,053 for recipients of the Ontario Disability Support Program (welfare for people with disabilities).<sup>88</sup>

Today, ECM serves 2,443 youth<sup>89</sup> with financial benefits and a connection to a case manager.<sup>90</sup>

The age distribution of these youth in 2009 was:

- 18 years old: 932
- 19 years old: 826
- 20 years old: 651
- 21 or over: 34

ECM is not a mandatory program for youth. Eligibility is determined by individual Children's Aid Societies. Youth, for their part, are expected to either be in school, working, in training, or looking for work.<sup>91</sup>

ECM participants receive  
\$830 a month, on average.

In the past, young people who had left care before age 18 were unable to return to the Children's Aid Society for assistance. In April 2011, Ontario introduced *The Building Families and Supporting Youth to Be Successful Act*, which gave youth who had left care before age 18 the opportunity to return for assistance until age 21.<sup>92</sup>

ECM, however, is not an extension of the same type of care available to youth before the age of 18. In order to provide more support on top of the cash benefits and access to a case worker, Ontario has introduced a pilot program called the "Crown Ward Aftercare Benefits" program.

### **Crown Ward Aftercare Benefits Program**

This pilot program was made available in every CAS in Ontario starting in January of 2011. This program was created to meet the needs of former Crown Wards receiving ECM, by extending certain benefits between their 21<sup>st</sup> and 23<sup>rd</sup> birthdays. Eligibility is determined by calling a phone number accessible throughout North America, 24 hours a day and seven days a week. This phone service allows former Crown Wards to set up appointments for short-term counselling.

Youth can access these benefits through the phone or online:

- Professional counselling for personal, family, and work-related concerns
- Financial and legal assistance
- Relationship management
- Career planning
- Addictions support
- Health coaching<sup>93</sup>

### **EXTENDED SUPPORT FOR YOUTH IN CANADA**

Provinces and territories throughout Canada all have initiatives to extend benefits to youth in care who are aging out of the child welfare system.<sup>94</sup> Many of these programs have been designed to promote education, and only provide benefits directly for education or during the time a youth is enrolled in school. In addition, several of these programs extend benefits to youth who have a disability.

## SUMMARY OF ALL CANADIAN PROGRAMS

Table 1 summarizes the current extension provisions in each jurisdiction's child protection legislation.

**TABLE 1. Extended Provisions in Provincial Child Protection Legislation Throughout Canada**

Province or Territory	Extension Provisions
Newfoundland	A youth who is receiving services at age 16 may, on turning 18, enter into a Youth Care Agreement to have services extended either to age 21 or the completion of school, whichever comes first.
Prince Edward Island	A youth in permanent care and guardianship who turns 18 and is attending an approved education, training, or rehabilitation program may continue to receive services to age 21. A mentally incompetent youth may receive transitional support up to age 21.
Nova Scotia	A youth in permanent care and custody who turns 19 and is either pursuing an education program or is disabled may continue to remain in care until age 21.
New Brunswick	A youth in care under a guardianship agreement or order who turns 19 may enter into a Post Guardianship Agreement to extend care and support to age 24. The youth must be enrolled in an educational program or not be self-sufficient due to a physical, mental, or emotional disability.
Quebec	Foster care may be extended past age 18 to age 21.
Ontario	A youth who is a Crown Ward or under customary care who turns 18 may receive support and services under an Extended Care and Maintenance Agreement until age 21.
Manitoba	Care and maintenance of a former Ward may be extended to age 21 to assist in the transition to independence (usually completion of high school or a treatment program).
Saskatchewan	A youth who is a permanent or long-term care Ward who is continuing an educational program or has a mental or physical disability or impairment may receive support to age 21.
Alberta	A youth turning 18 who is the subject of a family enhancement agreement, a custody agreement, a temporary guardianship order, or a permanent guardianship agreement or order may receive financial assistance and services until age 22 under a Support and Financial Assistance Agreement.
British Columbia	A youth in care under an agreement or an order who has significant adverse conditions (substance abuse, behavioural or mental disorder, experienced sexual exploitation), may enter into an agreement at age 19 to receive services and financial assistance up to age 24. The total term of all agreements may not exceed 24 months.
Yukon	A current or former youth in permanent care may receive transitional support services from age 19 until reaching age 24.
Northwest Territories	Agreements and orders can be extended from the youth's 16th to 19th birthday.
Nunavut	A permanent order can be extended from the youth's 16th to 19th birthday.

## PROGRAMS OF NOTE

In the work being done across Canada a number of programs are of particular relevance.

### Nova Scotia

Recently, a formal program was developed to assist youth ages 21–24 who are enrolled in an educational program. Monthly living allowances, clothing, transportation, recreation, books, tuition, and worker support may all be covered under this program.<sup>95</sup>

### New Brunswick

New Brunswick's "Post Guardianship Program" has been in place for 20 years. During 2009–10, 76 youth were enrolled at an average annual cost per youth of \$18,000. A review of 195 participants over the previous ten years showed that only 7% received social assistance benefits, which is a similar rate to the general population's receipt of social assistance.

According to an evaluation survey conducted after more than a decade of the program's existence:

- 75% of youth felt financially ready to begin their post-secondary education
- 70% felt emotionally ready
- 84% felt academically ready after completing the program<sup>96</sup>

There was also evidence that youth became more socially connected during their time in the program.

### Manitoba

Beginning in 2010, a four-year pilot project called the "Manitoba Youth Transitional Employment Assistance Mentorship" (MyTEAM) program was implemented to assist youth between the ages of 16–21 to transition to independence and adulthood smoothly.<sup>97</sup> MyTEAM includes financial assistance aimed at helping participants avoid social assistance by supporting their vocational and educational goals.

*"We are all greatly affected because it is an amazing thing to be loved by someone who is not your blood, who is not the government, but is someone who just truly and deeply cares for you." – Panelist, Youth Leaving Care Hearings & former youth in care*

### Alberta

Between ages 18 and 22, youth who have been or are still in permanent care can access an Advancing Futures bursary. This bursary assists youth in completing high school, entering post-secondary education, learning a trade, or attaining a certificate.<sup>98</sup> Living and school

expenses are paid for by the province, with no clawbacks on this money.<sup>99</sup> In 2008, 73% of youth in care who were enrolled in this program were able to complete their studies, which is higher than the provincial average.<sup>100</sup> The average cost is \$14,200 per youth per year.

The “Post 18 Voluntary Service Agreement” is offered through the *Protection of Sexually Exploited Children Act*. It provides housing, general support services and any additional required services until age 22.<sup>101</sup> Until age 20, health benefits, residential services, and financial assistance for training are also available. This program is specifically designed to assist youth who have been exploited through prostitution in order to ensure their continued health and well-being.

## British Columbia

Most young people in BC age out of care at 19, with some opportunities for transitional supports available.<sup>102</sup> Youth between the ages of 19–24 who were previously in care or were previously in a “Youth Agreement” are eligible to take part in the “Agreements with Young Adults” program. The program provides support and assistance for up to 24 months to:

- Complete high school
- Attend post-secondary education or vocational training
- Complete rehabilitation programs to address any barriers to self-sufficiency<sup>103</sup>

A further \$5,500 in bursaries each year is available for up to four years from the Youth Educational Assistance Fund. These awards go to former permanent wards wishing to attend designated post-secondary institutions.<sup>104</sup>

Other supports include Youth Transition Conferencing meetings, the “Kinnections” youth mentoring program, and the Extended Family Program. Finally, the Federation of BC Youth in Care Networks provides some supports for youth until age 24, including life-skills training.<sup>105</sup>

*The UK has been providing extended benefits since the 1980s. The Children (Leaving Care) Act 2000 was implemented to help improve outcomes for youth by supporting them until they feel ready to leave.*

## EXTENDED SUPPORT FOR YOUTH OUTSIDE OF CANADA

### United Kingdom

The UK has some extended care provisions intended to model the role of a parent. These assist youth in care until they are 21, or 24 where the young person is in school or training.<sup>106</sup> The UK has been providing extended benefits since the 1980s. *The Children (Leaving Care) Act 2000* was implemented to help improve outcomes for youth by supporting them until they feel ready to leave.<sup>107</sup> One element of this act are the “16 plus”

teams that have been formed specifically to assist young people with the skills and resources they need to become self-sufficient as they age out of care at age 18.<sup>108</sup> Two recent pilot projects have been undertaken to extend more supports to youth past the age of 18. The first, the “Right2BCared4” pilot was created to prepare young people for independence by including the youth themselves in the decision-making process to leave care. The second pilot, “Staying Put: 18+ Family Placement” extends full foster care until age 21. Both of these programs are currently being evaluated by researchers at Loughborough University.<sup>109</sup>

*“The one thing I would change in the system would be the extended care and maintenance for children and youth.” - youth*

## Australia

Australia has limited extended care programs. Some states have started transitional and after care programs. The federal government has implemented the Transition to Independence Living Allowance (TILA) for especially disadvantaged youth aging out of care.<sup>110</sup>

TILA is financial assistance, but is not a regular cash benefit. It is available to 15–25-year-olds who are exiting care in the coming 6 weeks, or those who are within 24 months of leaving care and who have one or more risk factors. The maximum TILA payment is \$1,500. TILA can cover:<sup>111</sup>

- Connection to utilities to assist in the establishment of housing
- Moving expenses
- Major and minor appliances
- Furnishings
- Consumables
- Financial or other counselling
- Education
- Transport to undertake studies or employment
- Bus tickets, phone cards, etc

## New Zealand

New Zealand does not have a system of care in place for youth transitioning out of care. In fact, care ends for most youth upon turning age 17.<sup>113</sup> The *Children, Young Persons, and their Families Amendment* bill, which is still being legislated, attempts to lift the age of care to 18.<sup>114</sup> In addition, the bill hopes to implement extra support through advice and assistance available to youth until age 25.<sup>115</sup> Examples include advice on school enrolment and finances, counselling, and assistance in finding housing.<sup>116</sup> This bill would also legislate payments to caregivers as long as a young person is still completing secondary education.<sup>117</sup>

## **United States**

The US federal government has passed two important pieces of legislation in recognition of the poor outcomes being experienced by youth leaving care. The *John H. Chafee Foster Care Independence Act of 1999* extended health and housing assistance to age 21, while allowing foster youth to still have assets up to \$10,000.<sup>118</sup> The *Fostering Connections to Success and Increasing Adoptions Act of 2008* created a source for states to fund extensions of care until age 21.

On a state level, all but one state has extended some form of provisions to youth leaving care past the age of 18.<sup>119</sup> Programs vary by state. Some states have an extension of foster care, while others provide specific funds to complete secondary or post-secondary education, receive training, or work on independent living skills.<sup>120</sup> Forty-one states, including Washington DC, provide extended benefits until age 21.<sup>121</sup> Twelve states actually extend full foster care until age 21,<sup>122</sup> while at least 4 states provide benefits until ages 22–23.

There are additional programs in California, New York, and Texas that provide extended services in the form of case management, housing, and individualized support and services for youth transitioning out of care until ages 23–24.<sup>123</sup>

In 2011, as the federal funding for extended care became available, the state programs had to change their eligibility standards to access the federal funds. For example, the state of Illinois had allowed everyone to access extended care until age 21. However, to access any federal funds, the state had to restrict eligibility to only certain youth.<sup>124</sup>

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84. Bay Consulting Group (2010, October); p. 49.

85. Ibid.; p. 11 of Appendix A.

86. Stapleton, J., & Tweddle, A., Not so Easy to Navigate, Laidlaw Foundation, Toronto, May 2010, p. 10.

87. Ibid.

88. Since 1994, Old Age pensions have increased 56 times, while ECM payments from the province have not moved. Income Security Advocacy Centre, Fact Sheet: Social Assistance Rates, 2010.

89. The number of youth on ECM has grown from 2,180 in 2007 to 2,383 in 2008. Ontario Association of Children's Aid Societies, Children in Care Fact Sheets, March 31, 2009, p.3.

90. Ontario Association of Children's Aid Societies, 2009.

91. Bay Consulting Group, 2010, p. 49.

92. Ministry of Children and Youth Services, Giving More Kids a Place to Call Home, April 13, 2011.



93. Ontario Association of Children's Aid Societies, Crown Ward Aftercare Benefits Program, 2011.  
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# Cost-Benefit Analysis Research Findings on Youth Leaving Care

## PART 4

This literature review focuses on recent studies that address the costs associated with the poor outcomes of youth leaving care. Most focus on estimating the costs of social services, health services and criminal justice systems.

Only a very few studies analyze the cost-benefits of extending the age at which a youth may remain in care. Cost-benefit analyses are not common within the social service sector, and it is difficult to project the level of improvement in outcomes resulting from new initiatives.

There is an emerging interest in this important area in both the US and Australia. In the US, interest has been fuelled by the evaluation requirements resulting from the

**TABLE 2. Cost, Benefits and Cost Savings in Seven Studies of Youth Aging Out of Care**

	COSTS	BENEFITS	
	Programs/Services	Earnings	Taxes
Chapin Hall study	✓	✓	
Partners for Our Children study	✓	✓	
Packard et al. study	✓		✓
Cutler Consulting study			
Washington State Institute for Public Policy study	✓	✓	
Raman et al. study	✓	✓	✓
Morgan Disney and Associates study	✓		

extended federal funding for foster care services, which we described in Part 3.

Australian studies focus on how improving services to youth as they transition from care can result in future cost savings.

This paper examines seven cost-benefit analyses, five from the United States and two from Australia. They vary considerably in their underlying assumptions, the indicators of future cost savings, and benefits to society. Yet all reach the same conclusion: increased investments in services for youth transitioning from care will yield a net cost-benefit in the long term. Most researchers used conservative estimates and noted that figures would likely be much higher had their scope been broader.

Table 2 summarizes the areas that the studies addressed.

COST SAVINGS							
Welfare	Criminal Justice	Homelessness	Education	Mental Health	Substance Abuse	Young Parent	Other
✓	✓						
	✓		✓			✓	
✓	✓		✓				
	✓	✓		✓	✓	✓	child protection public housing health
✓	✓			✓	✓		employment support family support health housing

## CHAPIN HALL STUDY

The 2009 Chapin Hall study is formally titled *The Benefits and Costs of Extending Foster Care to Age 21*.<sup>125</sup> This widely cited cost-benefit analysis compares the costs of keeping youth in care until age 21 against the increase in lifetime earnings that would result from a more highly educated population of former youth in care. The study concludes that the benefits of extending foster care to 21 outweigh the costs by a factor of two to one.

*the benefits of extending foster care to 21 outweigh the costs by a factor of two to one.*

## Data Sources and Assumptions

Data are drawn from a number of sources. Since 2002, the Midwest Study<sup>126</sup> has tracked the outcomes of former foster youth in three states: Iowa and Wisconsin, where youth are discharged at age 18, and Illinois, where youth may remain in foster care until age 21. The assumptions made concerning higher educational achievement in the cost-benefit analysis are based on the improved outcomes of Illinois youth in the study. The National Education Longitudinal Study (NELS) is used for educational outcomes. US Census data is used to estimate the lifetime increase in earnings at different educational levels.

## Analysis

Midwest Study data for Illinois indicates that a youth will remain in care for an average of two years after age 18. Based on this average, annual state estimates on the cost of keeping a youth in care, and anticipated cost savings resulting from less reliance on public assistance, the authors estimate the cost of keeping a youth in care to age 21 at approximately \$38,000 US.

The authors estimate the college graduation rate of former foster youth who leave care at age 18 as 10.2%. This is based on NELS, using a mix of socio-economic status data and risk factors. Since the Midwest Study shows that Illinois youth are twice as likely to attend college, the authors estimate that the graduation rate would double if youth could remain in care until age 21. They estimate the increase in lifetime earnings that both college graduation and partial college completion would yield. Their best estimate of increased lifetime earnings, using a discount rate of 3%, is \$72,000 US.

The authors note that there are considerable differences in rates of college graduation for former foster youth, with estimates ranging from 1% to 11%. To address this, they calculate estimates using two different additional graduation rates: 5.9% and 4.5%. Using these assumptions, they estimate the increase in lifetime earnings at between \$43,000 and \$113,000.

## Observations

The Chapin Hall study focuses strictly on the benefits to the individual of increased lifetime earnings. It does not address any cost savings to government social or health programs that could result from reduced usage, other than in the context of reduced public assistance usage during the additional two years in care.

*The authors estimate the college graduation rate of former foster youth who leave care at age 18 as 10.2% and that the graduation rate would double if youth could remain in care until age 21.*

Although the authors have clearly illustrated their methodology, they advise that the results “should be interpreted with caution”.<sup>127</sup> They acknowledge that:

- The Midwest Study data may not be indicative of results in other states
- Their premise that educational outcomes will continue to improve after age 21 is not tested
- The educational data used for the general population may not be comparable to actual data for former foster youth

Since the study was published, results from the Midwest Study at age 23 and 24 have been released.<sup>128</sup> These do not show a continued improvement in the educational outcomes of Illinois youth after age 21. This suggests that the figures in the original study overestimate the lifetime earnings of former foster youth. The report acknowledges the disappointing results, and points to lack of life skills and lack of development of interpersonal relationships as a problem for former foster youth. They suggest simply extending care may not be enough to significantly change outcomes for this vulnerable group.

*the completion of a bachelor's degree results in increased per-person lifetime earnings by approximately \$92,000 U.S. or a return of \$2.4 for every dollar spent.*

## PARTNERS FOR OUR CHILDREN STUDY

### Data Sources and Assumptions

In California, the group Partners for Our Children replicated the Chapin Hall research. Their study, titled *California's Fostering Connections to Success Act and the Costs and Benefits of Extending Foster Care to 21*, focused on California with the same underlying assumptions.<sup>129</sup>

### **Analysis**

The authors present findings for two educational scenarios: bachelor's degree completion and partial completion of college. They conclude the completion of a bachelor's degree results in increased per-person lifetime earnings by approximately \$92,000 US, or a return of \$2.4 for every dollar spent. Completion of some college increases lifetime earnings by an average of \$84,000, or a return of \$2 for every dollar spent.

### **Observations**

Since no California data are available on extending care, the authors use Illinois data from the Midwest Study and assume California foster youth would behave in the same way. Unlike the Chapin Hall Study, the dollar amounts are not discounted.

### **PACKARD ET AL. STUDY**

This study, titled *A Cost-Benefit Analysis of the Transitional Services for Emancipating Foster Youth*,<sup>130</sup> is a detailed cost-benefit analysis of a proposed new initiative called the "Transition Guardian Plan" (TGP). This plan would extend foster care benefits and supports to former foster youth in California from their 18<sup>th</sup> to their 23<sup>rd</sup> birthdays. It is based on a 2006 report prepared by the Children's Advocacy Group.<sup>131</sup> The report estimates the costs of the proposed TGP and future benefits derive from three areas:

- Increased tax revenues due to higher education and therefore higher salaries
- Reduced incarceration
- Reduced use of Temporary Assistance for Needy Families

The authors conclude that if the new program enabled former foster youth to achieve the same outcomes as the general population, it would yield a cost-benefit ratio of 1.5 to 1 in discounted dollars. If the program only achieved at 75% success rate, the ratio would be 1.2 to 1.

*"No other relationship begins  
with an expiry date."*

*– Submission to Youth Leaving Care Hearings*

### **Data Sources and Assumptions**

The assumptions and methodologies used for both the proposed TGP and cost savings are meticulously documented. All calculations are premised on the assumption that these youth will achieve outcomes similar to those of the general California population. The authors estimate cost savings as the difference between predicted service usage rates for former foster youth and the general population.

## Analysis

The proposed Transition Guardian Plan consists of three components:

- A monthly stipend for youth that decreases over time (starts at \$850 in year one and is \$258 by year five)
- A monthly fee of \$100 to the youth's guardian
- An administrative fee set at 15% to cover the new program's operating costs

The TGP targets youth who have not graduated from college. It is unique in that it attempts to replicate the role of parents by including a transition guardian to assist the youth. The authors note that, "the single most important aspect of any transitional program is the availability of mentoring and a support system".<sup>132</sup>

*Total federal and state tax savings over a 40-year work life are estimated to be \$320 million U.S.*

The total costs for the plan are estimated to be \$47,000 US for one youth over a full five-year period. The authors assume only 70% of California's eligible 4,200 emancipating youth would participate, with a 5% annual attrition rate. This translates into 2,100 youth completing the program at a total cost of \$123 million for a five-year cohort.

Benefit savings are calculated only for the former foster youth who complete the full five-year program.

Anticipated savings in the costs of incarceration for a five-year cohort is \$5.6 million. This assumes that the rate of imprisonment of former foster youth, which is estimated to be 4%, is reduced to the state average of .13%. The authors do separate calculations by gender, taking into account median prison terms and recidivism rates.

The authors estimate the use of "Temporary Assistance for Needy Families"<sup>133</sup> by former foster youth at 20%, versus 4% for general population. Based on average assistance rates for a mother with two children, the authors estimate savings of \$8.2 million over five years.

With respect to education, the authors assume that the former foster youth will achieve the same educational outcomes as the California population. This means that:

- The rate of high school graduation will increase from 50% to 70%
- The graduation rate from community college will increase from 2% to 37%
- The completion of a Bachelor of Arts program will increase from 1% to 21%

The authors further assume that high school graduation rates will increase after one year on TGP. After the completion of the full five years of TGP, the authors assume that the percentage of former foster youth with a BA will be the same as that for the general population. The authors compute estimated earnings based on these higher education levels, taking into account sex differences, and then estimate increased federal and state taxes paid. Total federal and state tax savings over a 40-year work life are estimated to be \$320 million US.

*“the single most important aspect of any transitional program is the availability of mentoring and a support system.”*

The authors present three scenarios, all of which have factored in a 3% discount rate over the course of 40 years.

- One cohort over a 40-year career shows a benefit-to-cost ratio of 1.52 to 1
- All cohorts for 40 years, assuming a 100% success rate, show a benefit-to-cost ratio of 1.5 to 1
- All cohorts for 40 years, assuming a 75% success rate, show a benefit-to-cost ratio of 1.2 to 1

### **Observations**

The premise of the TGP is that the guardian will replicate the role of a parent, thus enabling the youth to achieve similar outcomes to the general population. This assumption that former foster youth can achieve the same outcomes as the general population may be the largest drawback of the study. The educational outcomes of former foster youth that are used may also be problematic. These are considerably lower than those used in the Chapin Hall Study. It is important to note, however, that there is considerable variation in the educational achievement data that is available for former foster youth.

All costs are based on youth completing the full five years of the program. There is no estimate of the benefits that would accrue based on partial completion of the program. The authors acknowledge that this could be a considerable amount.

Further, cost avoidance in a range of social service areas, such as mental health, homelessness, substance abuse, second generation foster care, and other public assistance costs, has not been addressed. Nor does the study attempt to quantify the economic benefits of youth more engaged in mainstream society, in terms of increased spending, savings, property taxes, and so on.



The authors acknowledge that their assumptions are based on promising practices. However, without the availability of reliable data on how former foster youth fare as they enter adulthood—for example their earnings and use of public services—it is difficult to arrive at reliable estimates. The authors suggest that the program be piloted to determine whether the anticipated outcomes could in fact be achieved.

### CUTLER CONSULTING STUDY

This 2009 study, titled *Cost Avoidance: Bolstering the Economic Case for Investing in Youth Aging Out of Foster Care*,<sup>134</sup> identifies some of the costs associated with poor outcomes of former foster youth in the US. It estimates the savings that could be achieved if they had outcomes similar to the general population. It looks at costs in three areas: education, early pregnancy, and criminal justice. About 24,000 youth age out of foster care in the US each year. The estimated costs for each cohort year are \$5.7 billion nationally.

The Cutler paper provides an overview of different outcome data and practices that contribute to both poor and improved outcomes for foster youth leaving care. It is not a detailed cost-benefit analysis; indeed, the authors acknowledge that their estimates are crude and need to be improved. Their focus is to raise awareness of the issue. The paper compares the estimated costs incurred by former foster youth and the general population in three areas. The difference between the two represents cost avoidance.

### Data Sources and Assumptions

US Census data estimate the cost of lost wages for a high school drop-out, as compared to a high school graduate, at \$9,500 a year. Using Midwest Study data, the authors estimate that if an additional 2,880 foster youth graduated from high school by age 21, this would replicate the national average rate of high school completion. Based on this figure, they arrive at an estimated \$27.5 million for a single cohort year.

Over the course of a working life (40 years), the value of lost wages per youth is estimated to be \$260,000, which translates into nearly \$750 million per cohort.

*Costs related to criminal behaviour represent the largest proportion of costs in this study. Male former foster youths are four times more likely to have been arrested than their peers.*

### Analysis

Many former foster youth have children at a much younger age than their peers. Using a combination of Midwest Study data on birth rates and estimated costs per pregnancy from “By the Numbers”,<sup>135</sup> the authors look at the costs of the first child only for female

foster youths. They estimate the cost of these children at roughly \$7.7 million per year, or \$115 million over 15 years for each cohort year.

Costs related to criminal behaviour represent the largest proportion of costs in this study. The estimates are based on patterns of criminal behaviour for males only. The authors use Midwest Study data that show male former foster youths are four times more likely to have been arrested than their peers. Expenditure data on career criminals derived by Cohen<sup>136</sup> include victim costs, criminal justice costs, and the cost of the lost productivity of offenders. The authors use the low estimate of \$2.7 million over a lifetime, which results in an estimated total of \$5.7 billion for each cohort.

### **Observations**

The authors' approach is very basic, with partial data culled from a variety of sources. The education data focus solely on the financial benefits that result from completing high school, which, based on available outcome data, may be a very realistic expectation for many of these youth.

The figures used are strictly foregone wages; foregone tax revenues to the government are not included. The costs of too early pregnancy are likely grossly under-reported.

The authors make general assumptions about both the sex and age distribution of the parent which may not be supportable. They assume the parent has only one child and include costs for the child only, excluding costs for the mother such as the range of social services she might access. Data for males are not considered.

Crime data deal with males only. Finally, there is no attempt to estimate cost avoidance in relevant areas such as public assistance, mental health, homelessness, and substance abuse.

*The authors conclude there is an estimated net benefit of \$5.16 for each dollar invested, with most of these benefits a result of increased earnings to the participants.*

### **WASHINGTON STATE INSTITUTE FOR PUBLIC POLICY STUDY**

This study, *Extending Foster Care to Age 21: Measuring Costs and Benefits in Washington State*,<sup>137</sup> looks at the outcomes of youth enrolled in Washington State's "Foster Care to 21" program (FC to 21). To determine if there are potential savings to the state, it examines outcomes of youth enrolled in the program with those of former foster youth who left care at age 18. The authors conclude there is an estimated net benefit of \$5.16 for each dollar invested, with most of these benefits a result of increased earnings to the participants. If this is excluded, the net benefit to the taxpayer is still \$1.35 for every dollar invested.

### **Data Sources and Assumptions**

An estimated 400 to 500 youth leave care each year in Washington State. Foster Care to 21 was established in 2006 to support youth with a desire to attend college. A maximum of 50 youth per year are eligible to enrol. To qualify for the program, youth must be in a licensed foster care placement, be a high school graduate (or have a GED) and be accepted or enrolled in a post-secondary educational or vocational program. Of the 184 youth who enrolled in the program, 130 were included in the sample that forms the basis for the study. The authors look at their birth rates, employment and earnings, public assistance use, and arrests, and compare them to youth who left foster care in 2004–05, before the implementation of FC to 21.

### **Analysis**

The authors compare female birth rates, employment and earnings, public assistance use, arrests and educational attainment over a two-year period. They find no statistically significant difference in either birth rates or employment and earnings. However, they observe cost savings in public assistance receipt, arrests, and college enrolment. The authors find no significant difference in the use of Temporary Assistance for Needy Families, but they estimate a three-month reduction in food stamp use for FC to 21 participants.

*The authors estimate this increase in educational attainments translates into a lifetime benefit of nearly \$35,500.*

They also project lifetime savings of just over \$2,700 due to decreased arrests and an average increase of 3.25 months of college attendance. The authors estimate this increase in educational attainments translates into a lifetime benefit of nearly \$35,500. The bulk of the benefits are due to the estimated increased lifetime earnings of participants: nearly \$22,000 of the total \$38,200. Program costs are estimated to be \$7,400.

### **Observations**

The study is based on a short-term initiative geared towards a very small number of former foster youth who have completed high school and aspire to continue their education. These youth could be characterized as the “cream of the crop”. The fact that findings are applicable to this promising subset only, and not to all foster youth, may be the largest limitation of the study. In this respect it differs considerably from the other studies reviewed.

Interestingly, there was fairly significant attrition, with close to 25% of participants leaving after six, 12 and 18 months respectively. The authors assume overall program effectiveness to be 50% of what they observed, since they were unable to determine how many of the comparison group wanted to continue with their education.

# Australian Studies

## RAMAN ET AL STUDY

In 2005, the Centre for Excellence in Child and Family Welfare released, *Investing for Success: The Economics of Supporting Young People Leaving Care*.<sup>138</sup> It examines the outcomes of a small group of former youth in care from the state of Victoria. It looks at the estimated costs of higher service usage by youth leaving care resulting from current state policies. It then costs a proposed transition model that would help these youth from age 15 to 25. The authors conclude that implementing the transition model would cost 11% of maintaining the status quo.

### Data Sources and Assumptions

Data on the outcomes of care leavers is based on a single interview with a non-random sample of 60 former youth in care in Victoria. The youth were between the ages of 18 and 25 and had been in any type of care arrangement (foster care, kinship care, residential care, permanent care) for a minimum of two years.

### Analysis

The authors look at demographic, in care, leaving care, and outcome variables.

They focus on:

- Child protection
- Employment and foregone revenues from goods and services taxes
- Health, mental health, drug and alcohol services
- Police services
- Justice and corrections services
- Public housing use

They estimate the costs to the state of providing services to former youth in care compared to general population. They calculate the difference—potential cost savings—and arrive at an overall estimate of lifetime costs to the state at just under \$739,000 per youth or approximately \$330 million per year (based on 450 youth leaving care each year).

*The authors propose a “wrap around service” model for leaving care, which would provide a comprehensive range of services to youth up to the age of 25.*

The most expensive services were policing and justice/corrections. Combined, these represent more than 50% of the total amount. The authors propose a “wrap around service” model for leaving care, which would provide a comprehensive range of services to youth up to the age of 25.

Based on a take-up rate of 50%, the authors estimate that the service would cost \$86,000 per year, or 11% of the costs of maintaining the status quo.

## Observations

The study looks at a broad range of areas where poor outcomes are observed, unlike other studies with a much narrower focus. Further, it does not limit itself to former foster youth, but includes former youth in care regardless of their type of placement. However data are based on a single point in time: 2004–05. The authors acknowledge that they have likely grossly underestimated the overall social costs, given that their focus is strictly on state expenditures (federal expenditures on income support are excluded).<sup>139</sup>

The reliability of the sample subset may be questioned since it is not a random sample. The authors did try to ensure they had an even distribution between those youth who had good experiences while in care versus those who did not. The sample did not, however, include Aboriginal youth.

## MORGAN DISNEY AND ASSOCIATES STUDY

The study, *Transition from Care: Avoidable Costs to Governments of Alternative Pathways of Young People Exiting the Formal Child Protection Care System in Australia*<sup>140</sup> was conducted by Morgan Disney and Associates and published in 2006. Its purpose is to estimate the costs to the Australian government of varying levels of service usage by former youth in care over the course of their lives.

The authors estimate the gross cost of services provided to former youth in care between the ages of 16 to 60 at approximately:

- \$40,000 per person per year
- \$46 million per cohort year
- More than \$2 billion (not discounted) per cohort over a lifetime

They conclude that cost savings can be realized by successfully diverting youth to lower service usage pathways through improved transition services.

## Data Sources and Assumptions

The study looks at the anticipated service usage of the estimated 1,150 young people between the ages of 15 and 17 who leave care each year in Australia.<sup>141</sup>

## Analysis

The researchers examine spending in eight government service areas: alcohol and drugs, employment support, family support, income support, health, housing support, justice, and mental health. They include direct spending by the Australian and state governments (including Medicare and drug benefits) as well as government-funded services delivered by non-government organizations. They further factor in the value of foregone taxes and GST revenue in their overall figures.

They develop five pathways depicting future service usage, ranging from very low to very high. These pathways are based on key informant interviews with practitioners in these service areas (including foster parents) as well as available research. Morgan and Disney estimate the distribution of care leavers along these various pathways and generate service cost estimates for each pathway in 2003–04 Australian dollars, using a combination of frequency and intensity of service use. Level 1 service usage is the lowest (similar to that of the general population) and is estimated to cost an annual per person average of just over \$800. Level 5 is the highest and estimated to cost nearly \$94,000 per person annually.

Morgan and Disney estimate that 45% of former youth in care follow level 1 or 2 pathways, each of which represents low cost services. These are estimated to cost \$2,800 per year, or \$125,000 over a lifetime. The remaining 55% are higher service users and account for the lion's share of spending: average annual service costs range from \$1million to \$2.2 million per individual. The authors also look at service usage for two age groups: those 16–24 and those 25–60. The highest estimated annual service costs for those 16–24 are in family support (including child protection) at \$190 million, income support at \$76 million, and housing support at \$67 million. For the 25–60 age group the highest costs are in mental health (\$350 million), income support (\$300 million) and housing (\$210 million). Overall, mental health, family services and income support are the highest service costs over a 44 year period, representing over one half of the total estimated expenditures.

Morgan and Disney conclude that costs can be reduced by reducing the number of individuals on the most expensive pathways and reducing the time spent on the pathways. They suggest the most feasible approach is to achieve a 10% movement downwards between the pathways. This would mean that 10% of those in pathway 5 moved to pathway 4 and so on. Over the course of 44 years, they estimate this would result in a savings of \$128 million (gross). They suggest costs can be prevented or reduced through a better approach to transition services for youth leaving care.

### **Observations**

The assumptions in this study are clearly stated, sources are well documented and reliable, and the methodology is well laid out. It is meticulous in estimating the distribution of care leavers along various pathways and generating service cost estimates for each pathway. This approach highlights the exponential increase in costs as individuals' needs escalate.

The study is comprehensive in looking at a wide range of government-funded service areas. It is unique in that it estimates the cost of different intensity levels of service usage. This mirrors somewhat the categorization of resiliency that Mike Stein of the UK applies to youth leaving care: those "moving on", the "survivors" and the "victims".<sup>142</sup>

The data are for a single point in time, 2003–04 and estimated lifetime expenditures are not discounted. The authors assume that the number of care leavers will remain constant over time. The study's focus is on potential cost savings to government and the potential social benefits to individuals are not addressed. The issue of homelessness is not addressed. Finally, although the authors meticulously document their data, much of it relies on the experiences of key informants in the service areas examined. There is a lack of hard data on the outcomes and future paths of youth once they leave the child protection system.

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# Cost-Benefit Analysis

## PART 5

In this paper, we refer to our recommendation to prolong Extended Care and Maintenance agreements until age 25 as “ECM25”.

At first glance, this may seem like a costly expenditure. However, expenditures on youth aging out of care are important investments. An investment in youth aging out of care in the vulnerable years between age 21 and 25 can reap major returns to the people of Ontario over the lifetimes of these youth.

The findings indicate a return of \$1.36 for every dollar spent on extending ECM per person. The costs will come from the provincial government increasing expenditures, while the benefits will accrue to the people of Ontario and Canada.<sup>143</sup>

In the course of a lifetime for one of these youths:

- The benefits would total \$43,859 in current year dollars, consisting of increased tax revenue and social assistance and incarceration costs avoided.
- The costs would total \$32,155 current year dollars in program expenditures.
- This would leave a cumulative benefit of \$11,704 current year dollars to the people of Ontario and Canada.

### Overall Design and Definition of Populations

This cost-benefit analysis focuses on Crown Wards and youth in customary care who are eligible for the ECM program. It compares outcomes between two groups. The first group is a hypothetical group of ECM beneficiaries who have extended benefits to age 25—the ECM25 group. The second group reflects the status quo: youth who age out of care and whose main income support through ECM ends at age 21.

The costs and benefits accrued are per unit, meaning per youth. This leaves the door open to extend ECM to more youth leaving care beyond the currently eligible youth, with the same types of benefits accruing.

The analysis compares the costs and benefits of extending ECM for 4 years with the costs that result from a continuation of the status quo. A 3% discount rate is used to account for the decreased value of money over time. All dollar amounts are expressed in current year dollars, unless noted otherwise.

### General Methodology

A cost-benefit meta-analysis is used to compare the costs of ECM25 with the costs of continuing to cap ECM at age 21. A meta-analysis means that there is no tracking of a target and control cohort, collecting primary information along the way. Rather, the analysis uses assumptions and statistics from a variety of sources to construct the model.



When selecting costs and benefits to include, many factors could be monetized. We selected three factors that would result in a cost or benefit: incarceration, social assistance, and taxes resulting from employment at a higher level of education.

Ideally, we could give a more holistic picture of the outcomes affecting youth aging out of care by including costs associated with homelessness, such as shelter costs, government benefits, physical and mental health costs, victim costs related to criminal offenses, and pregnancy and parenting costs. However, the scope of this project was limited to just three of the most directly relevant factors. Including other cost areas would only serve to increase the benefit-to-cost ratio. These would be worthwhile additions to the cost-benefit model if a system to gather the necessary data was established in Ontario.

*“The day before my 18th birthday, I had dozens of resources available to me, most notably financial assistance. But I also had free and immediate access to, but not limited to, doctors, dentists, psychologists and therapists. But on my 18th birthday I had nothing, it was all gone.” –Submission to Youth Leaving Care Hearings*

Some inputs to the model are based on actual data while others are estimates. For example, actual data for post-secondary enrolment of Crown Wards is used. However, the Crown Ward post-secondary graduation rates are estimated by applying the general population graduation rate to Crown Wards. As such, the model shows the possible outcomes under various conditions that are achievable. A listing of the parameters used and their sources can be found in Appendix A.

### **Assumptions**

As was mentioned earlier, this is a per unit model, so the number of youth aging out has no effect on the cost-benefit ratio. When making estimates based on cohorts, an estimate of 3,000 participating former youth in care (FYC) per cohort is used.

There is no assumption that every former youth in care (FYC) entering into ECM25 will complete the four years. Instead, the assumption is of a large drop in participants (30%) in the first year and then a 5% decrease for years 2–4.

The estimates of benefits are based on the expectation that a youth with ECM25 will generate tax revenues from ages 25–64 (40 years). It is assumed that only half of the tax benefits would materialize in the first ten years of an individual’s working life. This acknowledges that a person does not start out at the average income for his or her education level, but rather works up to it.

Two hundred dollars a month per FYC is set aside for the cost of a person acting as a social

support. A positive social support cannot be created from policy. However, a relationship can be facilitated by creating a fund specifically for the purpose of having a social support.<sup>144</sup>

Including this cost is based on multiple studies and feedback from former youth in care. Most youth in care who have had positive outcomes have attributed their success to a connection with either a supportive person or supportive group of people.<sup>145</sup> The current ECM program does not include the cost of a social support.

A program administration fee of 15% is used, which is a commonly accepted administration percentage. Finally, a 3% discount rate is assumed.

### **Data**

In the absence of a solid longitudinal data set tracking outcomes for youth leaving care in Ontario, data was collected from several different sources. Information regarding youth aging out of care is from the publications of the Ontario Association of Children's Aid Societies. Information covering general population data was accessed from Statistics Canada, the Ministry of Community and Social Services, and the Ministry of Children and Youth Services.

Minimal data exists on youth who have left care in Ontario. In the absence of evidence-based input data, estimates were used for social assistance and incarceration rates. The estimates likely understate the percentages of former youth in care who require social assistance after age 25 and the percentage of former youth in care who will be incarcerated at some point in their lives. Using higher social assistance and incarceration estimates would lead to increased benefits for the people of Ontario.

## **COSTS**

### **Extending ECM to age 25**

The intervention proposed is an extension of the present ECM benefits for an additional four years—from the 21st to the 25th birthday. The cost of this extension would be \$13,800 a year, which incorporates:

- An \$800 a month extension of ECM
- A \$200 a month cost for a social support
- 15% administration and evaluation cost

Table 3 illustrates that if a youth remained on ECM25 for all four years, the cost would total \$55,200 for the full four-year extension.

The monthly ECM amount is higher than the current expenditure given by the province, but is in line with the current best estimates for average ECM receipt of \$830 a month cited earlier.

TABLE 3. Per Youth Cost of ECM25 Program

Year	ECM25	Case worker	Monthly ECM25 +case worker	Annual EMC25 +case worker	Administration and evaluation %	Annual Administration and evaluation cost	Total per year	Cumulative 4-year total
1 (age 21)	800	200	1,000	12,000	15%	1,800	13,800	13,800
2 (age 22)	800	200	1,000	12,000	15%	1,800	13,800	27,600
3 (age 23)	800	200	1,000	12,000	15%	1,800	13,800	41,400
4 (age 24)	800	200	1,000	12,000	15%	1,800	13,800	55,200
<b>Total</b>				<b>\$48,000</b>		<b>\$7,200</b>		<b>\$55,200</b>

## BENEFITS

### Incarceration

There is an increased likelihood that former youth in care will be incarcerated. This creates unnecessary costs for the government of Ontario. The rate we estimated is five times higher than the 0.9% that applies to the general Ontario population. We could not obtain the exact figure at the time of writing. However, the effect on the cost-benefit ratio is negligible, whether a rate of incarceration of 1% or 15% is used. From 0%–5%, the final cost-benefit ratio is 1.36. From 6%–15%, it is 1.37. We use 4.5% as our best estimate, by estimating that former youth in care will be five times more likely to be incarcerated than someone in the general population.

The majority of incarcerated individuals are male (89%). The length of time incarcerated is relatively brief. The median term for incarceration is 1 month, and the average is 2.5 months.<sup>146</sup> One cohort of FYC who avoid incarceration because of participation in ECM25 will yield a lifetime savings of \$445,482. This means approximately \$166 per youth.<sup>147</sup>

TABLE 4. Avoided Incarceration Costs

Description	Males	Females	Total
Number of FYC incarcerated	65	8	73
Cost per month	4,854	4,854	
Median incarceration terms (months)	1.0	1.0	
Cost for incarceration terms per FYC	4,790	4,790	9,580
Cost for incarceration terms for all FYC	311,359	38,321	349,680
Recidivism rate (within 2 years)	43%	43%	
Number of recidivating FYC	28	3	
Cost of incarceration from recidivism	134,124	14,370	148,494 ey.
<b>Total incarceration cost</b>	<b>445,482</b>	<b>52,691</b>	<b>498,174</b>

### Short-term Social Assistance Avoided

Ontario Works (OW) is a last resort, need-based program accessed by youth in care who are not able to find employment or other income to support themselves.<sup>148</sup>

For the purposes of this cost-benefit analysis, we make the assumption that all youth who leave care at the age of 21, and who are not enrolled in a post-secondary program, will collect OW from ages 21 to 25.

Diverting these youth to ECM25 yields just over \$42 million in short-term social assistance savings for one cohort of ECM25 users.

**TABLE 5. Avoided Short-term Social Assistance Costs, for Youth Aged 21–25**

Year	Participants current year	FYC attending postsecondary rate	Participants not attending postsecondary	Monthly OW cost per participant	Annual OW cost per participant	Annual cost for all participants
1 (age 21)	2,100	20%	1,673	\$ 592	\$ 7,104	\$ 11,885,340
2 (age 22)	1,950	20%	1,554	\$ 592	\$ 7,104	\$ 11,036,387
3 (age 23)	1,800	20%	1,434	\$ 592	\$ 7,104	\$ 10,187,434
4 (age 24)	1,650	20%	1,315	\$ 592	\$ 7,104	\$ 9,338,482
<b>Total</b>					<b>\$28,416</b>	<b>\$ 42,447,643</b>

### Long-term Social Assistance Avoided

After the age of 25, we assume that 15% of former youth in care would avoid going onto social assistance because of ECM25.

Under the current system, after the age of 25, we assume that 18.75% of former youth in care will access OW at some point in their life. This is based on our estimate that after an initial burst of need for OW, fewer former youth in care will need OW in the long run. Former youth in care will need OW at a rate of five times the general population rate of 3.75% after age 25. Therefore, we can assume that 3.75% of former youth in care would access OW during their lifetime as a reflection of the general population. This leaves a remaining 15% of former youth in care who would access OW because they lacked the support of ECM25. If these former youth in care were to receive ECM25, they would behave like the general population and only 3.75% of the youth would need OW after age 25.

We also assume that those youth who do not participate in ECM25 will have a much higher likelihood of returning to social assistance after the age of 25. This is based on the assumption that youth who do not access ECM25 will need to return to social assistance at the same rate as the general population of social assistance recipients.

In the general population, the lifetime average spent accessing OW is 55 months. The maximum OW amount for singles is currently \$592, making the lifetime average amount \$32,527.

Even if only 55% of youth (1,650 youth) end up completing the four years of the ECM extension, the people of Ontario would see \$8.1 million in savings in the form of avoided OW costs over the course of this cohort's lifetime.

**TABLE 6. Avoided Long-term Social Assistance Costs**

Description	Value
Completing all four years of ECM25	1,650
Percentage of FYC avoiding OW	15.00%
Number of FYC avoiding OW	248
Lifetime OW amount	32,527
<b>Total OW cost avoided</b>	<b>8,066,805</b>

## Education

Completion of high school and higher levels of post-secondary education mean a significant increase in earnings. When earnings increase, tax revenues increase as well, benefiting all Ontarians and Canadians and making Ontario a more prosperous province.

High school graduation as a minimum plays an important role in improving outcomes. When people with comparable cognitive skills are compared, individuals with a high school diploma will earn more money on average, and will see higher rates of employment than their peers who dropped out of high school.<sup>149</sup> High school graduates also have better outcomes with incarceration, health care, and social assistance uptake than those who have dropped out of high school.<sup>150</sup>

In Table 7, the following is assumed, with respect to attrition over the four years of the program, as a percentage of initial participants:

- 70% will remain after year 1
- 65% will remain after year 2
- 60% will remain after year 3
- 55% will remain after year 4

There is a disproportionate drop in the first year to account for the expectation that most youth who cannot or do not want to commit to the ECM25 agreement will withdraw within the first year.

This cost-benefit analysis assumes the following:

1. Completing two years of ECM25 will translate into rates of high school graduation on par with the general population.
2. Completing three years of ECM25 will translate into rates of obtaining a certificate or diploma on par with the general population.
3. Completing four years of ECM25 will translate into university graduation rates on par with the general population.

*"As I moved into my second year of university, life started to fall apart. I knew that I was aging out and I didn't have a single friend or family member to turn to. I dropped out of university and it took three years for me to get back." - youth*

If former youth in care completing four years of ECM25 graduate from university at the same rate as the general population, it would mean that 379.5 or 23% of the 1,650 youth in that group will graduate. We assume that some FYC who did not participate in ECM25 will also go on to graduate from university. However, we assume that this number will be much lower.

We assume that former youth in care who did not complete two years of ECM25 will have the same university graduation rates as those who did not participate in ECM25 at all. This means that of the 1,050 who do not complete Year 2 of ECM25, 3.2% or 33.6 will nevertheless complete university. Adding the two university graduate numbers together (380 + 34), we have 413 university graduates, rounded.

In this model, 96 of these graduates would have attended university with or without ECM25. This means that 317 more youth will attend university because of ECM25.

We also assume that youth who complete three years of ECM25 will obtain certificates or college diplomas at the same rate as the general population. This means that 329, or 18.3% of the 1,800 youth who completed 3 years of ECM25 will graduate from a certificate or college diploma program. We assume that former youth in care who do not complete year 2 of ECM25 will complete certificate or college diplomas at the same rate as the non-ECM25 former youth in care. That means that 179, or 17.14% of the 1,050 that did not complete year 2 of ECM25 will go on to complete a certificate or college diploma. This makes the total number of former youth in care who graduate from a college or a certificate program 329 + 179, or 509 rounded.

In this model, 5 fewer youth are expected to attend college or certificate programs with the existence of ECM25. The reduced amount of college and diploma attendance is due to an uptick in University completion. Without ECM25, 514 would have attended, while only 509 would attend with the existence of ECM25.

To project the high school graduation rate, we apply the same logic as we did to post-secondary education. We assume that former youth in care who complete Year 2 of ECM25 will have the same graduation rates from high school as the rest of the population. This means that 1,580 youth, or 81% of the 1,950 former youth in care who complete Year 2 will graduate from high school. We also assume that, regardless of the existence of ECM25, 462 would graduate, for a total of 2,042, rounded.

This raises the issue of double-counting. A youth would be double-counted if they went on to further education after high school. We took care not to count these youth twice. The adjusted totals for high school reflect those former youth in care who would complete high school only, or 1,119 youth. Out of these young people, 710 would have graduated from high school regardless of the existence of ECM25. This means that ECM25 would be responsible for an increase of 409 former youth in care completing high school.

**TABLE 7. Graduation Outcomes for Youth Participating in ECM25**

Description	Total	Males	Females
Total participants	3,000	1,650	1,350
Participants completing year 4	1,650	908	743
University graduates without ECM25	96	53	43
<b>University graduates WITH ECM25</b>	<b>413</b>	<b>227</b>	<b>186</b>
Difference in university graduates	317	175	143
Participants completing year 3	1,800	990	810
College certificates/diplomas without ECM25	514	283	231
<b>College certificates/diplomas WITH ECM25</b>	<b>509</b>	<b>280</b>	<b>229</b>
Difference in Certificates/diplomas	(5)	(3)	(2)
Participants completing 2 years	1,950	1,073	878
High school graduates without ECM25	1,320	726	594
<b>High school graduates WITH ECM25</b>	<b>2,042</b>	<b>1,123</b>	<b>919</b>
High school graduates without ECM25 net postsec	710	391	320
<b>High school graduates WITH ECM25net postsec</b>	<b>1,119</b>	<b>616</b>	<b>504</b>
Difference in high school graduates net postsec	409	225	184

### Tax Revenue

Former youth in care who graduate from university, and would not have done so without the intervention, yield an increase of \$15,689 in tax revenue per male and \$9,412 per female.<sup>151</sup> A cohort of 3,000 youth aging out of care will yield a net annual increase of just over \$4 million in tax revenue. This segment of new university graduates is the biggest contributor to increased tax revenue.

Former youth in care who graduate from a college diploma or certificate program, and would not have otherwise have done so, yield an increase of \$4,392 in tax revenue per

male and \$2,684 per female. However, in this model, there are actually fewer youth who would attend college or certificate programs with ECM25 in place, because more would go to university instead. Thus, our model predicts a loss in tax revenue for youth who complete college diplomas or certificates. Annually, there would be a loss of \$17,000, which is more than compensated for by the increases in tax revenue from university graduates.

Former youth in care who graduate from high school, and would not otherwise have done so, yield an increase of \$2,087 in tax revenue per male and \$1,394 per female. An increase in high school graduates amongst the cohort of 3,000 youth aging out of care population would yield \$726,000 annually in increased tax revenues. (Note that this number represents those whose highest level of education is high school, not all high school graduates. The rest are covered in the postsecondary outcomes).

In sum, tax revenues would increase by just under \$4.8 million annually per cohort if ECM were to be extended to age 25.

When calculating the benefits over 40 years for a single cohort, only 50% of the tax revenue increases were forecast in the first ten years for all three segments—university, college, and high school. This is due to our assumption that only half of the tax benefits would materialize in the first ten years of an individual's working life. This was felt to be a conservative estimate.

**TABLE 8. Increased Tax Revenues from Youth Participating in ECM25**

	Annual income		Federal taxes paid		Ontario taxes paid		Total taxes paid per individual		Total tax revenue increases for all FYC		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male and Female
Some HS	\$43,600	\$28,600	\$6,684	\$4,290	\$2,611	\$1,573	\$9,295	\$5,863			
HS graduate before ECM25	\$50,300	\$35,400	\$8,158	\$5,310	\$3,224	\$1,947	\$11,382	\$7,257			
Difference between HS graduate and some HS	\$6,700	\$6,800					\$2,087	\$1,394	\$469,482	\$256,566	\$726,048
College certificates/diplomas before ECM25	\$57,700	\$41,100	\$9,786	\$6,165	\$3,901	\$2,382	\$13,687	\$8,547			
Difference between college graduate and some HS	\$51,000	\$34,300					\$4,392	\$2,684	\$(11,809)	\$(5,904)	\$(17,713)
University graduate and some HS	\$91,800	\$62,800	\$17,636	\$10,908	\$7,348	\$4,367	\$24,984	\$15,275			
Difference between college graduate and some HS	\$40,800	\$28,500					\$15,689	\$9,412	\$2,738,330	\$1,344,089	\$4,082,419
											<b>\$4,709,753</b>



## SUMMARY ANALYSIS OF COSTS AND BENEFITS

Given the assumption that 3,000 youth are aging out of care per year, the first 24 years would be a cumulative deficit. As youth age, earn more, and stay out of the criminal justice and social assistance systems, the costs that are incurred in the first four years of ECM25 are offset. The discounted benefit-cost ratio climbs over 1 in year 25, when the former youth is aged 45.

At this point the benefits will begin to increasingly accrue to the community as the young person ages, earns more, and contributes ever more into the tax system.

### **If \$34,500 is spent on a single youth on ECM for four more years until age 25:**

\$77,000 could be saved or earned over one person's lifetime, (\$44,000 in present dollars).

- An average of \$34,500 would be spent on an ECM extension
- \$166 would be saved in incarceration expenditures
- \$17,000 would be saved in social assistance expenditures
- \$61,000 of tax revenue would be added

### **If \$103.5 million is spent on an entire cohort of 3,000 youth over the next four years:**

\$232 million could be saved or earned over 40 years (\$132 million in present dollars).

- \$103.5 million would be spent on an ECM extension
- \$0.5 million would be saved in incarceration expenditures
- \$51 million would be saved in social assistance expenditures
- \$184 million of tax revenue would be added

143. Given that there is a federal and provincial component to taxes, the wider community to whom benefits will accrue includes not just the government and people of Ontario but also Canadians in general and the federal government.

144. Finlay, J., We are Your Sons and Daughters, Office of Child and Family Service Advocacy Toronto, June 2007, p. 86.

145. Packard et al., 2008, p. 1269.

146. Statistics Canada, Canadian Centre for Justice Statistics, Adult Criminal Court Survey. 2005. p. 70.

147. Most U.S. cost-benefit analyses reflect greater cost savings in the area of incarceration. This is because the average and median incarceration time tends to be longer in the U.S. than in Canada.

148. Ontario Disability Support Program (ODSP) is the last resort, needs-based program for people with disabilities in Ontario. Using OW as an input without ODSP provides a conservative estimate of the savings from social assistance, since the maximum monthly payment for singles from ODSP is \$1053, while the maximum monthly payment from OW is \$592.

149. Turpel-Lafond, M.E. (2007). p. 82.

150. Ibid.

151. The differences in earnings by gender are due to pay inequity between women and men in Ontario today.

# Recommendations

## PART 6

### 1. Implement ECM25.

The maximum age for ECM should be revised to 25 years. This revision will only have the weight it needs if the *Child and Family Services Act*, Section 71.1 is altered to reflect a maximum age of 25 instead of 21. Extending ECM to age 25 could help increase tax revenues, and decrease incarceration and social assistance uptake rates.

### 2. Extend Eligibility for Extended Care & Maintenance (ECM).

Extending eligibility to those youth who have been in and out of temporary care would acknowledge the challenges they face after experiencing familial and housing instability. There are not a large number of these youth, since most 16 to 17-year-old youth in care are Crown Wards and youth in customary care.

*Extending ECM to age 25 could help increase tax revenues, and decrease incarceration and social assistance uptake rates.*

Children's Aid Societies should offer ECM to youth regardless of whether they have attained outcome measures such as education or work participation.

### 3. Increase the ECM Amount.

The amount of ECM paid by the province to Children's Aid Societies has remained unchanged for many years. The province should increase ECM to better reflect today's standard of living. This would help lift youth aging out of care out of poverty, and facilitate the process of getting work and attending school.

ECM should also be indexed to inflation to avoid falling into the current problem of insufficient funds.

*"I am 19 years old and I'm youth in care. I'm still a high school student and I have two more years of schooling before I can consider postsecondary. My biggest concern is that I will not have the financial support in my life that is necessary in order to be successful in the postsecondary environment as the cut off age for Children's Aid is 21." – Submission to Youth Leaving Care Hearings (YLCH)*

### 4. Extend Foster Care Rates to Families of Youth Aging Out of Care.

Rates paid to foster parents are set by local societies and vary across the province. ECM generally provides a lower rate of financial support than foster care allowances. This may act as a disincentive for foster parents to continue to provide care in their homes to

youth over the age of 18. This is because they can receive only a portion of the ECM allowance, with no additional funds for clothing or transportation—benefits available to foster parents of younger children.

Foster care rates should be extended in situations where all agree that prolonging residence in the foster home is in the youth's best interest and will ease the transition to adulthood. For youth who have signed an ECM agreement, the ability to have continued access to a stable and supportive home is crucial for a successful transition into adulthood.<sup>152</sup>

### **5. Develop a Comprehensive Tracking System to Understand the Outcomes of Youth Leaving Care in Ontario.**

Ontario needs a comprehensive tracking system to follow youth after they age out of care. Systematic collection of this data over time would develop a better understanding of the outcomes of youth who have been in care. Researchers and policy makers cannot

*The amount of ECM paid by the province to Children's Aid Societies has remained unchanged for many years. The province should increase ECM to better reflect today's standard of living.*

reliably determine the merit of different types of interventions and services unless they have longitudinal data, tracking youths' experiences and outcomes after care. This must be coupled with the ability to compare them against the outcomes for the general population. The British Columbia Health and Well-being model could be used as a framework.

### **6. Develop Legislative and Inter-ministerial Committees to Address the Issues of Youth in Care.**

Develop a select legislative committee and an inter-ministerial committee, reporting to the Deputy Minister's Council, to develop recommendations around a whole government/whole child approach to providing resources, connection, and a voice for youth in care and former youth in care.

152. The costs of this recommendation are not reflected in the Cost-benefit analysis.

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# Inputs and Parameters Used in Cost-Benefit Model

## Appendix A

Input/Parameter	Author	Underlying Source	Publish Date	Publication	URL / Page
Per Cent Of High School Students Graduating	Office of the Premier		March 8, 2011	Newsroom	<a href="http://news.ontario.ca/opo/en/2011/03/81-per-cent-of-high-school-students-graduating.html">http://news.ontario.ca/opo/en/2011/03/81-per-cent-of-high-school-students-graduating.html</a>
Length of custodial sentences for adult offenders varies across the country	Statistics Canada	Source: Statistics Canada, Canadian Centre for Justice Statistics, Adult Criminal Court Survey		Criminal Justice Indicators, 2005	p. 70; Figure B2.4: Mean and median prison terms imposed in adult courts by province in 2003/2004
Canada's incarceration rate compared to other countries	Statistics Canada	Source: Statistics Canada, Canadian Centre for Justice Statistics, Adult Criminal Court Survey		Criminal Justice Indicators, 2005	76; B2.6 (116 per 100,000)
Youth aging out in any given year	Ontario Association of Children's Aid Societies (OACAS)		August 2009	Children in Care Fact Sheets as at March 31, 2009	

Input/Parameter	Author	Underlying Source	Publish Date	Publication	URL / Page
Average count of persons in adult correctional services by province (i.e. incarceration rate)	Donna Calverley, Statistics Canada	Source: Statistics Canada, Canadian Centre for Justice Statistics, Key Indicator Report for Adults	2009	Adult correctional services in Canada 2008-2009	Table 3, p.19: Average counts of persons in adult correctional services, by program and jurisdiction, 2008/2009. Ontario: 87 per 100,000
Foster youth high school graduation rate	OACAS	Source: OACAS (2011)	2011	OACAS Child Welfare Report	<a href="http://www.cnw.ca/en/releases/archive/May2011/-16/c4466.html">http://www.cnw.ca/en/releases/archive/May2011/-16/c4466.html</a> : An overwhelming 94% of survey respondents stated that they would favour the government making investments to help children in care graduate from high school. Over the last few years, great advancements have been made to help children in care with post-secondary education but only 44% of children in care graduate from high school compared to 81% of their peers.
Criminal offender recidivism rate	Statistics Canada	Source: Bonta, 2003	2003 2011	Criminal Justice Indicators, 2005	p.78; Another Canadian study examined the reconviction rates of federal offenders only (Bonta et al., 2003)...its sample included all releases from federal custody during the fiscal years 1994/95, 1995/96 and 1996/97...The reconviction rate for the first fiscal year release cohort was 44%, 43% for the second release cohort and 41%
Extended Care and Maintenance monthly amount		OPACY	2011	Meeting with OPACY on May 10, 2011	800 decided as standard monthly ECM amount based on average monthly payments received by youth who have signed ECM agreements. This is the provincial base rate plus the average "top offs" from individual CASs.
Ontario Works rates		MCSS	August 2009		Maximum Ontario Works monthly payment

Input/Parameter	Author	Underlying Source	Publish Date	Publication	URL / Page
Percentage of Male / Female incarcerated	Statistics Canada	Source: Statistics Canada, Canadian Centre for Justice Statistics, Integrated Correctional Services Survey	2009	Juristat Article - Adult correctional services in Canada 2008-2009.pdf	Table 9, p.25: Characteristics of adults involved in custodial correctional services, Newfoundland and Labrador, Nova Scotia, New Brunswick, Ontario, Saskatchewan and Correctional Service Canada (CSC), 2008/2009; Male under Provincial custody: 88.7%, Female: 11.3%
Daily cost of incarceration	Statistics Canada	Source: Statistics Canada, Canadian Centre for Justice Statistics, Resources, Expenditures and Personnel (REP) Survey; Public Accounts of Canada	2009	Juristat Article - Adult correctional services in Canada 2008-2009.pdf	Table 13, p.30: Institutional and average daily cost of persons in provincial, territorial and federal custody, current and constant 2002/2003 dollars, 1999/2000 to 2008/2009; Provincial and territorial custody 2008/2009 = \$161.80
Number of times on assistance, Toronto	City of Toronto Employment and Social Services	Source: City of Toronto Employment and Social Services, November 2010 2010	2010	OW Trends in Toronto 7	P. 6, 3 times or more 35.2%, Twice 33.1%, Once 31.7%
Earnings by educational attainment	Cara Williams	Source: Statistics Canada, Survey of Labour and Income Dynamics (SLID)	2010	Women in Canada: A Gender-based Statistical Report [Article: Economic Well-being]	Table 9, p.15: Average annual earnings of women and men employed full-year, full-time by educational attainment, 2008

Input/Parameter	Author	Underlying Source	Publish Date	Publication	URL / Page
Federal and provincial personal income tax rates for 2011	KPMG	CRA (Revenue Canada)	2011	Federal and provincial personal income tax rates, brackets and surtaxes for 2011	<a href="http://www.kpmg.com/Ca/en/IssuesAndInsights/ArticlesPublications/PersonalTaxRates/Federal%20and%20Provincial%20Personal%20Tax%20Rates,%20Brackets%20and%20Surtaxes%202011.pdf">http://www.kpmg.com/Ca/en/IssuesAndInsights/ArticlesPublications/PersonalTaxRates/Federal%20and%20Provincial%20Personal%20Tax%20Rates,%20Brackets%20and%20Surtaxes%202011.pdf</a>
Gender breakdown of foster youth	OACAS	OACAS	2004	OACAS Journal, Winter 2003-2004 issue, Volume 47, number 3	Winter 2003-2004 issue, Volume 47, number 3; p. 34; Gender...55% boys, 45% girls (aged 10-15)
General population educational achievement	Toronto Region Research Alliance	Various sources	2010	TRRA - Canada/ Ontario Statistics	<a href="http://www.trra.ca/en/reports/OntEducation.asp">http://www.trra.ca/en/reports/OntEducation.asp</a>
Graduation rates, highest level of education	OACAS	Source: OACAS (2008)	2008	OACAS Gateway to Success	page 10, Crown Wards and Former Crown Wards, Ages 19-20; 4% enrolled in university, 19% enrolled in college, 2% graduated college
University graduate outcomes (of those enrolled)	Higher Education Quality Council of Ontario	MTCU, 2010	2010	Quick Facts	<a href="http://www.heqco.ca/en-CA/Research/Quick-Facts/Pages/figure4_1.aspx">http://www.heqco.ca/en-CA/Research/Quick-Facts/Pages/figure4_1.aspx</a> ; 2009 - 79.7%

# 25 is the NEW 21

The title “25 is the new 21” came from a video made by a CAS youth group submitted to the Youth Leaving Care Hearings. The youth who came up with the slogan is Ashley.

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