FLORIDA STATE UNIVERSITY

Grandparents Raising Grandchildren:
Supporting Assets for Grandparent Caregivers in Florida

AN ACTION REPORT SUBMITTED TO
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OF PUBLIC ADMINISTRATION AND POLICY

BY

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December 7, 2005

Lucy Hadi, Secretary  
Florida Department of Children and Families  
1317 Winewood Blvd.  
Building 1, Room 202  
Tallahassee, Florida 32399-0700

Dear Secretary Hadi:

As the population of Florida grandparents providing primary care to their grandchildren continues to grow, long-term solutions will be required. This report provides necessary information about the challenges facing this population and recommends ways in which the Department, along with other partners, can assist in their resolution.

Current programs designed to alleviate the burden of grandparent caregiving are reviewed. New and expanded ideas are proposed and evaluated using simple yet effective measurements of cost, number of individuals served, and political feasibility. Recommended strategies focus on long-term and cost-efficient solutions.

I hope this report will encourage discussion among decision-makers and inform the pursuit of high quality initiatives that typify Florida’s programmatic terrain.

Respectfully,

A. Michelle McMullen  
1914 Hidden Valley Rd.  
Tallahassee, FL 32308

CC:  Governor Jeb Bush  
Nelson Simmons, Director, Relative Caregiver Program  
Bill Novelli, CEO, AARP
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Executive Summary
The purpose of this Action Report is to offer and evaluate long-term and cost-effective alternatives to public programs presently offered to grandparent caregivers.

Problem Definition
The past 30 years have yielded an unprecedented number of grandparents taking on the responsibility of caring for their grandchildren. Rates for this form of caregiving across all family types have risen nationwide. In Florida, almost 150,000 grandparents consider themselves primarily responsible for their grandchildren and 52,000 of these report full custodial responsibilities. When grandparents assume the greater part of caregiving responsibility for their grandchildren, many develop an increased risk for asset depletion resulting in later life economic vulnerability.

Background
Many researchers have linked the growing number of grandparent caregivers to rising incidences of child abuse, neglect and abandonment believed to be the result of increases in AIDS rates, drug abuse, divorce, family violence, incarceration, mental illness, teenage pregnancy, single parenthood, and death. Research has also demonstrated that grandparents do not “choose” to take on full custodial responsibilities for their grandchildren. Rather, they serve as a preferred alternative to foster care when their adult children are unable to provide safe and adequate care to their grandchildren.

Literature Review
Of custodial grandparent households in Florida, 18.9% were living below the federal poverty level and approximately 29% are over age 60. Nationally, grandparent caregivers were found to be 60% more likely to live in poverty than their non-caregiver grandparent counterparts. Custodial grandparents are more likely than other types of grandparent caregivers to be female (77% vs. 58%), in poverty (23% vs. 12%), proportionally African American (27% vs. 11%), and less likely to be married (54% vs. 75%), which exacerbates the financial strain on these households. When grandparent caregiver family types were examined longitudinally to determine persistence of care, it was found that custodial grandparenting was the family type most likely to be long-term. An inference can thus be drawn that many grandparents will age into later life while caring for their minor grandchildren.

Stakeholders
Stakeholders affected by this issue include the nearly 150,000 grandparent caregivers in Florida, their grandchildren, other family members, and the state. It can also be argued that the financial stressors experienced by grandparent caregivers affect community institutions, in which grandparents and their grandchildren participate, such as school or work. Since current programs assisting this population are funded with Title IV-E and primarily Temporary Aid to Needy Families (TANF) dollars, other TANF recipients may become stakeholders.

Current Efforts to Assist Grandparent Caregivers
The Relative Caregiver Program (RCP) is the only state sponsored assistance program for grandparents who care for their grandchildren. Federal assistance is available through the
National Family Caregiver Program and non-monetary support services are provided through the University of South Florida’s Kinship Center.

**Other Efforts Supporting Financially Vulnerable Populations**

Individual Development Accounts (IDAs) are savings accounts typically benefiting low-income individuals. Their purpose is to support the building of assets. This section highlights the Florida Freedom Initiative. The Florida Freedom Initiative is an IDA demonstration program designed to encourage asset accumulation and self-determination for developmentally disabled Floridians.

**Methodology**

The methodology used in this report was primarily qualitative with cursory quantitative analyses. Methods consisted of reviewing U.S. Census data and government agency documents and websites. An assessment of pertinent professional and academic journal articles was also employed. As well, personal interviews were conducted via telephone and e-mail to corroborate agency interpretation of statues and codified operating procedures.

**Evaluative Criteria**

These criteria included: Number of custodial grandparents served, monthly cost per participating grandparent, total annual estimated cost for program, and political feasibility.

**Introduction to Alternatives**

Current programs (status quo), primarily the Relative Caregiver Program (RCP), were evaluated along with three alternative programs. These programs were: (1) an Enhanced RCP wherein participants were reimbursed for caregiving at the foster care rate, (2) a universal application of RCP in which custodial grandparents were eligible to receive traditional RCP payments regardless of legal status, and (3) a RCP IDA that allows current RCP participants to participate in an IDA demonstration program in addition to receiving RCP payments.

**Findings**

The status quo was the most inexpensive and politically feasible option. However, it did not motivate savings for participants. The Enhanced RCP (1) total costs were a little more than $123 million with the Temporary Aid for Needy Families (TANF) and Title IV-E contribution being approximately $68 million. The political costs of increasing Medicaid spending at this time are likely to negate this option as politically viable. The Universal RCP (2) served the most individuals and it was the most costly option. Political feasibility was low because TANF dollars would be used to benefit the non-poor. The final alternative, RCP IDA (3) does not increase the number of eligible participants and was the second most inexpensive if Medicaid costs are considered for the Universal RCP. Political feasibility is moderate for this demonstration, as there is another IDA pilot being conducted in the State.

**Conclusion**

The alternative that most conscientiously elevates Florida’s response to the needs of its custodial grandparent caregivers is the Relative Caregiver Program Individual Development Account demonstration. An additional benefit to this option is that the funds invested in this program are predicted to reduce future State expenditures on housing and healthcare costs associated with elders who lack assets.
**Problem Definition**

In the past 30 years, an unprecedented number of grandparents have taken on the responsibility of caring for their grandchildren (Simmons & Lawler-Dye, 2003). Rates for this form of caregiving across all family types have risen nationwide. Homes wherein grandparents serve as sole caregiver have experienced the largest increase in numbers, with custodial single-grandparent households having increased the fastest (Bryson & Casper, 1999). In Florida, almost 150,000 grandparents consider themselves primarily responsible for their grandchildren and 52,000 of these report full custodial responsibilities (AARP, 2005).

For those children who would otherwise be in danger of exposure to continued abuse or neglect or foster care placement, policy makers in Florida and nationally have recognized the benefits of custodial grandparent caregiving (Smith, Strozier, & Chaffin, 2000; Fl. Dept. of Elder Affairs, 2003; Older Americans Act, § 373, 2000; Hayslip & Kaminski, 2005). Familial caregivers provide a sense of familiarity and consistency of cultural and community norms to children, thus reducing the trauma associated with separation from their parent(s). However, along with benefits there are costs associated with this form of caregiving. Grandparent caregivers tend to be older and less financially prepared to care for children than traditional foster parents (Smith, Strozier, & Chaffin, 2000).

When grandparents assume the greater part of caregiving responsibility for their grandchildren, many deplete their assets, resulting in economic vulnerability as they age. Of particular concern is the lack of support for grandparents who are likely nearing or in old age and who are acting in a custodial capacity for their grandchildren. As the grandchildren they support mature and leave
the household, grandparents are left with depleted assets due to an inability to save. Grandparent caregivers are compelled to spend monies on the care of their grandchild, and as a consequence, the means through which they may build or retain assets are restricted. This spending and lack of saving increases the risk that grandparents will be financially unprepared to care for themselves in respect to health care, housing, transportation, and other costs associated with later life needs.

This vulnerability not only leads to a lowered quality of life and a potential threat to health, it increases the burden to the state when these grandparents become dually eligible for Medicare and Medicaid, seek housing assistance, or other forms of state support (Holahan & Ghosh, 2005, July; Bowers & Myers, 1999; Jendrick, 1993). With the number of grandparent caregivers on the rise, it is necessary to ensure that state sponsored and community based programs intended to assist this population are able to do so. Current programs are limited in scope and are inadequate to meet the long-term needs present in this population.

The purpose of this Action Report is to offer and evaluate alternatives to public programs presently offered to grandparent caregivers. Attempts to alter government programs in ways that increase spending are rarely well received. Therefore, presented alternatives will attempt to maximize economic efficiency tempered with attention to promoting the long-term self-sufficiency of grandparent caregivers.
Background

Grandparent caregivers consist of several family types and structural designations. Grandparents may be co-residential caregivers, meaning they reside with both their adult children and grandchildren and provide some intermediate level of care for their grandchildren, or they may be in a grandparent-grandchild only living arrangement resulting in a full custodial relationship between grandparent and grandchild (Bryson & Casper, 1999). Grandparent households may contain one or two grandparents, one or more grandchildren, and may include other family or non-family members (Fuller-Thomson & Minkler, 2001).

Formal and informal designations refer to the legal status or state recognition of a grandparent’s responsibility to their grandchild. Formal arrangements are generally precipitated by state intervention in the form of a child’s removal from their parents. Informal arrangements generally consist of a negotiation between the grandparent and their adult child for the grandchild to reside with the grandparent when the adult child is unable to provide care (Fuller-Thomson & Minkler, 2001; Hayslip & Kaminski, 2005; Jendrek, 1993; Landry-Meyer, 1999; McCallion et al., 2000).

Many researchers have linked the growing number of grandparent caregivers to rising incidences of child abuse, neglect and abandonment believed to be the result of increases in AIDS rates, drug abuse, divorce, family violence, incarceration, mental illness, teenage pregnancy, single parenthood, and death (Bowers & Myers, 1999; Fuller-Thomson & Minkler, 2001; Hayslip & Kaminski, 2005; Jendrek, 1993; Kluger & Aprea, 1999; Landry-Meyer, 1999; McCallion et al., 2000; Mills, 2001; Smith, Strozier & Chaffin, 2000). Though the circumstances leading to these
family arrangements are varied and do not indicate a single underlying factor, custodial grandparenting is generally associated with a parent’s inability to care for their child. Co-resident grandparenting is usually the result of a parent’s need for financial assistance (Hayslip & Kaminski, 2005). Brandon’s 1997 analysis (as cited in Pebley & Rudkin, 1999) found that children are less likely to live away from their parents when the parents receive high amounts of state assistance such as Aid to Families with Dependant Children (AFDC) (the precursor to Temporary Aid to Needy Families, TANF) and Food Stamps. Research has also demonstrated that grandparents do not “choose” to take on full custodial responsibilities for their grandchildren. Rather, they serve as a preferred alternative to foster care when their adult children are unable to provide safe and adequate care to their grandchildren (Jendrick, 1993; Hayslip et al., 1998; Bowers & Myers, 1999).

Grandparent caregiving arrangements are sometimes difficult to track as it is assumed that much of the national and state data under-represents the population of grandparent caregivers (Landry-Meyer, 1999; Weber & Waldrop, 2000). Estimates for incidences of informal custodial grandparenting is restricted to a study conducted in Ohio by Laura Landry-Meyer (1999) that found 47.7 percent of participants, who were custodial caregivers, said they were parenting with no legal authority. Many of these family types are the result of informal negotiations between the parents of children needing care and the grandparents or other able kin. Kluger and Aprea (1999) have asserted that these informal negotiations occur frequently between grandparents and their adult children because grandparents, understanding the seriousness of the consequences, are averse to reporting their own adult children to state authorities for child abuse, neglect, or abandonment. Other reasons for grandparents maintaining informal custodial relationships were
discovered through interviews and include grandparents’ fears of asymmetrical relationships with the adult child’s siblings, parents withholding visitation with the grandchild if state authorities do not find cause to remove a child from their parents’ custody, and their own marital strain when one grandparent wishes to report their adult child and their spouse is opposed (Kolomer, 2000; Weber & Waldrop, 2000).

**Literature Review**

During the 2000 U.S. Census, 5.8 million people reported living in a grandparent headed household. Of these individuals, 2.4 million were “custodial grandparents” (Hayslip & Kaminski, 2005, p.262) defined as grandparents who have primary responsibility for their grandchildren under the age of 18. This number represents an increase of 70 percent from 1970 to 2000 with a 30 percent increase from 1990 to 2000 (Bryson & Casper, 1999; AARP, 2005). The 2003 American Community Survey for Florida estimates that 132,251 (149,246 upper bound estimate) households were headed by grandparents acting as primary caregivers for their grandchildren (U. S. Census, 2005). Of the grandparents in Florida who described themselves as being responsible for their grandchildren, 35.2 percent (51,997) reported that no parent was present in the household (Simmons & Lawler-Dye, 2003). Therefore, they were serving as custodial grandparents. No data was available describing the legal status of these custodial grandparents, either formal or informal.

Available custodial grandparent demographics for Florida are presently similar to national data. Of custodial grandparent households in Florida, 18.9 percent (9,827) were living below the federal poverty level and approximately 29 percent are over age 60 (AARP, 2005; Simmons &
Lawler-Dye, 2003). Nationally, grandparent caregivers were found to be 60 percent more likely to live in poverty than their non-caregiver grandparent counterparts (Fuller-Thompson, Minkler & Driver, 1997). It is unknown, however, how many grandparents were living in poverty prior to taking on caregiving responsibilities for their grandchildren. Custodial grandparents are more likely than other types of grandparent caregivers\(^1\) to be female (77 percent vs. 58 percent), in poverty (23 percent vs. 12 percent), proportionally African American (27 percent vs. 11 percent), and less likely to be married (54 percent vs. 75 percent), which exacerbates the financial strain on these households (Fuller-Thompson & Minkler, 2001).

Although many of the grandparents providing care for their grandchildren are middle-aged (69 percent are under the age of 60), assumptions should not be made about the financial vitality of this population (Simmons & Dye, 2003). U. S. Census data shows that at the time of survey in 2000, 39 percent of grandparents were caring for their grandchildren for five or more years (Simmons & Dye, 2003). When grandparent caregiver family types were examined longitudinally to determine persistence of care, Pebley and Rudkin (1999) found that custodial grandparenting was the family type most likely to be long-term, throughout the grandchild’s childhood. This fact may indicate a decreased likelihood of reunification with parents once grandparents have assumed custody of the child, either formally or informally. This lowered rate of parental reunification can provide information about the increased expense incurred by grandparents acting as custodians. A conclusion can thus be drawn that many grandparents will age into later life while caring for their minor grandchildren.

\(^1\) Custodial grandparents were compared to intermediate level caregivers, which provided an average for all grandparenting arrangements. Intermediate caregivers are defined as those providing 10-29 hours of babysitting per week and/or 7-89 nights per year without the grandchild’s parent present (Fuller-Thomson & Minkler, 2001).
While there is information about how many custodial grandparent caregivers find themselves in poverty, there has not been an abundance of research published regarding the specific financial circumstances of grandparent caregivers. An article by Jendrek (1993) mentions that 50 percent of custodial grandparents in her study reported having less money since beginning to provide care to grandchildren and Landry-Meyer wrote in 2000 (as cited in Hayslip & Kaminski, 2005) that 92 percent of grandparent caregivers do not receive Social Security and 85 percent do not receive any public assistance. Leondar-Wright, et al. (2005), contribute that while 10 percent of persons over 65 years of age currently live in poverty, if Social Security was not available, that number would increase to almost 50 percent. Inferences can be made about this population’s financial strength by looking at some important economic indicators such as monies committed to housing costs, rates of grandchildren with health insurance, child support receipts, estimated costs of child rearing as determined by the U.S. Department of Agriculture (USDA), and asset availability by population sub-groups.

Fuller-Thomson and Minkler (2003) found in a study based on the 2000 U.S. Census Supplementary Survey that 48.1 percent of grandparent caregivers spent more than 30 percent of their income on gross rent (rent together with utilities and fuel paid by the renter) and 25.1 percent spent more than 50 percent of their income on gross rent. Homeownership is regarded as one of the most effective methods of asset accumulation. Yet, less than 50 percent of African Americans and about 75 percent of whites own their own homes. The median value of homes for African Americans in 2000 was $80,600 and for whites it was $123,400 (Leondar-Wright, et al., 2005). This information helps to illustrate the costs and equity associated with housing for
those who are considered poor or those who are at risk of becoming poor (i.e., living below
200% of the federal poverty line).

Bryson and Casper (1999) revealed that 1 in 3 grandchildren in the care of their grandparents
lacked health insurance, compared with the 1 in 7 children without health insurance in the
general population. And although child support data is not available that includes grandparent
caregivers as recipients, rates at which child support is paid to custodial parents may assist in
developing an expectation of child support receipts for custodial grandparents. There must be an
accompanying caveat, however, that child support receipts for grandparents are likely to be
lower than those of custodial parents given the reasons for the unavailability of a grandchild’s
parents. Of all custodial parents in 2002, 59.1 percent were awarded child support. In 73.9
percent of those cases where a parent was awarded child support, only a partial amount of the
award was received and no more than 44.8 percent received the total amount of support owed
(Grall, 2003).

The U. S. Department of Agriculture estimates for the average monthly cost and total childhood
costs of raising a child for a lower-income family in 2004 were $570 and $127,470, respectively
(Lino, 2005). This valuation is a per capita child expenditure inventory for families earning less
than $41,700 in gross income. The calculation of cost includes healthcare, housing, education,
clothing, transportation, and food expenses. Lino’s (2005) estimates for childcare expenses, little
more than $1,000 per year for young children, are very minimal and do not reflect the
tremendous cost burden of childcare for most custodial caregivers. According to McGarvey
(2004), the sum cost of most early childcare arrangements is greater than the average cost of tuition at a four-year public university.

Table 1. Comparison of estimated expenditures* on children by single-parent and husband-wife families, overall United States, 2004

<table>
<thead>
<tr>
<th>Age of child</th>
<th>Single-parent</th>
<th>Husband-wife</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 2</td>
<td>$ 5,860</td>
<td>$ 7,040</td>
</tr>
<tr>
<td>3 - 5</td>
<td>6,640</td>
<td>7,210</td>
</tr>
<tr>
<td>6 - 8</td>
<td>7,460</td>
<td>7,250</td>
</tr>
<tr>
<td>9 - 11</td>
<td>6,930</td>
<td>7,220</td>
</tr>
<tr>
<td>12 - 14</td>
<td>7,420</td>
<td>8,070</td>
</tr>
<tr>
<td>15 - 17</td>
<td>8,180</td>
<td>8,000</td>
</tr>
<tr>
<td>Total</td>
<td>127,470</td>
<td>134,370</td>
</tr>
<tr>
<td>Average monthly expenditure</td>
<td>590</td>
<td>622</td>
</tr>
<tr>
<td>Average yearly expenditure</td>
<td>$ 7,081</td>
<td>$ 7,465</td>
</tr>
</tbody>
</table>

*Estimates are for the younger child in two-child families with 2004 before-tax income less than $41,700 (Lino, 2005).

Due to a lack of explicit data, accumulated assets may best be estimated by looking at two variables: Mean retirement and pension assets and mean gifts and inheritances. In other words, how much is being saved and what is left over. Leondar-Wright, et al (2005) use data from the 2001 Federal Reserve Board, Survey of Consumer Finances to report on these variables. For African Americans, the mean retirement and pension savings is $12,220, for whites it is $65,268, and for Latinos it is $10,184. Mean gifts and inheritances left by these same populations are: $2,431 for African Americans, $21,259 for whites, and $396 for Latinos. Regardless of race,
mean assets fall short of being able to provide for grandchildren and adequately save for later life expenses at the same time.²

Though formal and informal kinship caregiving is a recognized and preferred alternative to state care (Protective Services, § 65C-11.003, 2005), differentials in state assistance for unrelated foster caregivers and kinship caregivers brings into question the commitment by the state to the value of grandparent or other kinship caregiving (Landry-Meyer, 1999). This discrepancy becomes more important when the declining numbers of non-relative foster caregivers is noted. Ingram (1996) cited a decrease in licensed foster care providers from 100,000 in 1984 to 47,000 in 1990 (as cited in Harvard Law Review, 1999). States may not compel kinship caregiving; it is a voluntary event that is in the best interest of children for whom their parents cannot care for (Mandelbaum, 1995). Therefore, the state of Florida has an obligation to protect the welfare of these children by ensuring that their grandparent caregivers are able to provide for them. The state has an additional interest in controlling future costs by assisting these grandparent caregivers in preparing themselves for later life.

**Stakeholders**

Stakeholders affected by this issue include the nearly 150,000 grandparent caregivers in Florida, their grandchildren, their other family members, and the state. It can also be argued that the financial stressors experienced by grandparent caregivers affect community institutions, in which grandparents and their grandchildren participate, such as school or work. Since current programs assisting this population are funded with Title IV-E and primarily Temporary Aid for Needy

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² Recall that custodial grandparenting arrangements are likely to be long-term, more than 5 years (Pebley & Rudkin, 1999). If we look at the average yearly cost of child rearing (Lino, 2005) and multiply it by 5 years, the total ($35,405) depletes mean retirement savings completely for African-Americans and Latinos and cuts in half the average savings for whites.
Families (TANF) dollars, other TANF recipients may become stakeholders (Relative Caregiver, § 65C-24.002, 2005).

**Current Efforts to Assist Grandparent Caregivers**

The Relative Caregiver Program (RCP) (§ 65C-24, 2005), housed in the Florida Department of Children and Families, is the only state sponsored assistance program for grandparents or other relatives (known as kinship caregivers) who care for their grandchildren or other minor family members. Relation requirements limit program participation to five degrees of separation from the minor child. The program provides a small monthly stipend to grandparent or other kinship caregivers primarily with Temporary Aid for Needy Families (TANF) and some Title IV-E (foster care) dollars. This maintenance payment is statutorily set at 82 percent of what is available to the average foster family or approximately $252.58 (Relative Caregiver, §§ 65C-24.001-24.002, 2005; Child Welfare Financing, 2005; personal communication, Don Winstead, September 30, 2005).

Caregivers must also satisfy a state home study requirement to become eligible to participate in the Relative Caregiver Program. The home study is slightly altered from the traditional foster care home study in order to account for the special circumstances unprepared kinship caregivers are likely to face, such as lacking the requisite number of bedrooms to accommodate the child or children (Nelson Simmons, personal communication, June 14, 2005; Relative Caregiver, § 65C-24.003; Relative Caregiver Program, 2001).

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3 This amount is less than 82% of the average foster care board rate but is the amount that was reported as the average RCP stipend by the Economic Self-Sufficiency Projections for TANF Estimating Conference Cash Assistance Caseload and Benefits Payments, Relative Caregiver, July 2004 to August 2005 (personal communication, Don Winstead, September 30, 2005) (see Appendix). It may be that some participants qualify for the full amount and some receive only partial funding.
Unfortunately, this program only serves kinship caregiving households wherein the courts have adjudicated the child dependent (the minor child was remanded to state custody and remains a ward of the state). Other limitations to Relative Caregiver Program include the disqualification from the program if the adjudicated child is removed from parents in another state and placed with a grandparent residing in Florida and the secession of payments if the child is legally adopted by the grandparent (Relative Caregiver Program, 2001), which discourages permanency and increases role ambiguity (Landry-Meyer & Newman, 2004). Further, the specialized and medical foster care rate, which increases funding for children with special needs, is allocated to non-relative foster caregivers but not to grandparent or other kin caregivers. This maintenance payment is financed mostly with Medicaid dollars and is currently set at $42 per day, $28.81 above the board rate average\(^4\) (Personal Interview, Nicole McDermott, Foster Care Licensing, Camelot Community Care Centers, August 29, 2005). Eligibility is also influenced by a vague standard of ability to support a child. The administrative manual for the program states that maintenance payments will be allotted if the relative caregiver would otherwise be financially unable to foster the adjudicated child (Relative Caregiver Program, 2001). However, this rule is not exhaustively defined (i.e., whether or not the caregiver is living at or below the federal poverty line).

\(^4\) The current board rates for foster care and Relative Caregiver Program (RCP) payments in Florida vary by the age of the child. Foster care board rates for traditional foster care are: $12.13/day for 0-5 years, $12.49/day for 6-12 years, and $14.96/day for 14+ years of age. So the average daily rate is $13 and monthly it is $395.
In 2003, approximately 27.5 percent of all custodial grandparenting arrangements were eligible to participate in the Relative Caregiver Program. There is a lack of integrated data sources that identify multiple characteristics traceable to individual grandparent caregivers. Relative Caregiver Program participation data is cumulative. Families may continue to receive funds as long as they qualify. Thus, participation data for one year reflects cumulative enrollment and no entry information is provided. Precise data was also not available for the number of kinship caregivers participating in the Relative Caregiver Program who were grandparents. Although, its program director, Nelson Simmons (2005), confirmed that the vast majority of participant caregivers were grandparents.

Those kinship caregivers in informal, non-adjudicated arrangements may apply for “child-only” Temporary Aid for Needy Families (TANF) grants for the children they are caring for without applying for themselves. These grants are applied for through the Florida Work and Gain Economic Self-Sufficiency (WAGES) program (Relative Caregiver, §§ 65C-24.001-24.002, 2005). Caregivers are, however, subject to asset and income tests when applying for Food Stamps, Medicaid (for themselves), or the State’s State Children’s Health Insurance Program (SCHIP), Florida Kid Care, for the children in their care (Relative Caregiver, § 65C-24.004; AARP, 2005). Temporary Aid for Needy Families and WAGES work requirements and assistance time limits present another barrier for grandparents in accessing these resources. Though most states have exemption and extension provisions for TANF work requirements and

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5 Modifications were made to the 2005 RCP participation data so that it was comparable to the 2003 U.S. Census American Community Survey data for custodial grandparents. The 2005 RCP data showed an annual increase of about 1,100 participants, from 17,938 in July 2004 to 19,047 in August 2005 (personal communication, Don Winstead, September 30, 2005). Thus, 2003 end of year RCP participation was estimated to be 16,847. The data was further adapted to reflect an estimated 85% of RCP participants that were grandparent caregivers as opposed to other types of kin. This resulted in a final 2003 RCP grandparent participation amount of 14,320.
time limits, Florida is comparatively limited (Generations United, 2004). It does not provide a work requirement exemption for persons over age 60 or those for whom childcare is unavailable (SPDP, 2000c). Time limits do not suspend in cases where recipients are elder caregivers or when caring for a young child (SPDP, 2000b). Additionally, the 48-month time limits for Temporary Aid for Needy Families (TANF) may only be extended in cases where good faith effort or hardship is determined and extensions may not exceed 20 percent of current TANF caseload (SPDP, 2000a).

The National Family Caregiver Support Program (FCSP) seeks to provide a comprehensive array of support services to elder caregivers. This program is for all elder caregivers, not just grandparent caregivers caring for dependent grandchildren. Some of the services provided by this program include transportation, support and childcare education groups, emergency cash assistance, and respite care. The program is administered at the state level by the Department of Elder Affairs and the Area Agencies on Aging at the district level. Of the 11 Planning and Service Areas (PSA) in Florida, only 6 provide any services related to the National Family Caregiver Support Program. The serviced counties include: PSA 5 (Pinellas and Pasco), PSA 6 (Hardee, Highlands, Hillsborough, Manatee, and Polk), PSA 7 (Brevard, Osceola, Orange, and Seminole), PSA 8 (Charlotte, Collier, DeSoto, Glades, Hendry, Lee, and Sarasota), PSA 10 (Broward), and PSA 11 (Dade and Monroe) (Fl. Dept. of Elder Affairs, 2003; Older Americans Act, § 373, 2000).

The Department of Elder Affairs is obligated to spend 5 percent, but no more than 10 percent, of their annual budget on the program. Funding for this program was estimated to be about $10
million in 2004 (Laurie Koburger, Personal Interview, September 6, 2005; Older Americans Act, § 373, 2000). An ad hoc query conducted by the Florida Department of Elder Affairs to derive the number of grandparent caregivers of grandchildren served by the National Family Caregiver Support Program (FCSP) from July 1, 2004 to Sept. 27, 2005 revealed that there were 351 people who had an active enrollment in FCSP at some point in the query timeframe. There are cautions to be heeded when reviewing this data, as there is a possibility of an overcount. Some of the participants counted could be individuals who are not actually still receiving services, but the termination of enrollment in the state database has not occurred. Some of the participants included in the report enrolled as early as October 2001. An undercount is also a possibility, as individuals may receive a service that does not require an enrollment, such as an educational session or a support group (Laurie Koburger, 2005).

The National Family Caregiver Support Program (FSCP) is working to address the needs of the caregiver population. However, given the programs limited availability by county and limited funding, this seems to be a token effort that does not result in the satisfaction of current need for long-term solutions.

The University of South Florida’s “Warmline” service provides resource information and support over the telephone to kinship caregivers. There are many active support groups across the state and grandparent specific legal services are available in some counties. Though Florida has several community-based resources, they do not support grandparents in need of financial assistance or assist them with maintaining financial security (AARP, 2005; Florida Kinship Center, 2005).
**Other Efforts Supporting Financially Vulnerable Populations**

Assets bring with them greater economic stability. Those that have them are afforded more options in life and are able to pass that status and opportunity to future generations. Asset accrual has other social, psychological and community benefits that are not related to income or asset value (Sherraden, 1991). Individual Development Accounts (IDAs) are savings accounts typically benefiting low-income individuals that, at maturation, are matched by public or private dollars. Similar to Individual Retirement Accounts, an account holder is penalized if committed funds are withdrawn prior to maturation of the account. Penalties are usually limited to the disqualification for matching funds. These accounts are designed to assist individuals in the building of assets. Traditionally, this has meant restricting matched savings funds for homeownership, micro-enterprise start-up, or post-secondary education (Boshara, 2005).

Individual Development Account (IDA) demonstration programs first appeared in Iowa in 1991. Individual Development Accounts were introduced as federal policy in the United States in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. As part of the many changes that were made to the American welfare system with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act, the federal government authorized states to use Temporary Aid for Needy Families block grant dollars to fund IDA demonstration programs (Boshara, 2005). Direct federal dollars were committed to asset building efforts with the enactment of the 1998 Assets for Independence Act (AFIA). The act states that AFIA funded demonstration Individual Development Accounts can be used for first-time home purchases, small business capitalization, and post-secondary education with a 2 to 1 matching rate for savings of participants. The Assets for Independence Act limits the matching contributions to
$2,000 per individual and $4,000 per family during the demonstration. The act approved $125 million dollar five year demonstration (AFIA, 42 USC 604, 1998) and has currently allocated all but $5 million for its undertaking (Boshara, 2005). At the end of 2003, there were 300 IDA demonstration programs and 15,000 account holders across the United States. Federal grants are currently the largest funding sources for Individual Development Account programs; however, states, financial institutions, and private foundations are also sustaining them with contributions (Boshara, 2005).

Though Individual Development Accounts (IDAs) were originally intended to benefit TANF recipients, IDA demonstration projects conducted in Taiwan, Canada, the United States, and the United Kingdom have been implemented that benefit low-income individuals, persons with disabilities, immigrants, and youth (Boshara, 2005). Results from one of the largest and well-researched demonstration programs, the Corporation for Enterprise Development’s American Dream Demonstration, reveal that Individual Development Account participants experienced an increase in homeownership, real assets, and retirement savings (Mills, et al, 2004). Other research on the American Dream Demonstration shows that IDA participants are less likely to make an early withdraw when they are homeowners, own a vehicle, for have a personal checking account (Schreiner, Clancy & Sherraden, 2002), indicating that assets are a springboard for acquiring other assets. Boshara’s (2005) primary recommendation in his recent report on IDAs suggests that the allowances for spending matched funds be expanded to include other activities beyond first-time home buying, micro-enterprise ventures, and post-secondary education.

The Florida Freedom Initiative (FFI) is an Individual Development Account demonstration
program designed to encourage asset accumulation and self-determination for developmentally disabled Floridians. Eligible program participants are those receiving Supplemental Security Income and enrolled in the Consumer Directed Care Plus (CDC+) program (a §1115 waiver program fostering choice in service providers for developmentally disabled Floridians). Section 1115 of the Social Security Act allows for the U.S. Department of Health and Human Secretary to authorize research and demonstration waivers for experimental and pilot programs that promote the objectives of the Medicaid statute. States receiving this waiver are able to use a portion of their federal Medicaid dollars to fund these projects though many state participants have multiple partners assisting with funding and administration (Supplemental Security Income (SSI) Demonstration, 2004).

Florida Freedom Initiative (FFI) Individual Development Accounts (IDAs) follow the spending restrictions under the Assets for Independence Act with the exception of allowing spending for technological devices to aid persons with disabilities and transportation. The program requires no additional funding allocations from state or federal agencies, nor does it promote any short-term government savings. Under normal Supplemental Security Income (SSI) rules, for every $2 earned by a recipient, their SSI benefit is reduced by $1. Under FFI rules, for every $4 earned there is a $1 reduction in benefits. Another exception is the increased asset threshold for Florida Freedom Initiative participants; the per annum Individual Development Account balance limit is $10,000. The program theory is that increasing the amount of money a participant is able to earn without benefit penalty results in savings that can lead to real asset accumulation and enhanced self-determination (Supplemental Security Income (SSI) Demonstration, 2004). It is unclear if the matching funds for FFI Individual Development Accounts are coming from Temporary Aid
for Needy Families or Assets for Independence Act, or both. No progress or outcome data is yet available for this program. The value in reporting this program is that it is a project that has been well received and is unique in respect to the population it serves, program it builds upon, and partnerships it relies on.

Administrative costs for Individual Development Accounts are high, about $64 monthly for each participant, because the programs are not yet large enough to induce the necessary economies of scale to bring costs down. However, evidence points to those costs reducing because of the increased use of Individual Development Accounts (IDAs) (Boshara, 2005). Currently, IDA programs are limited in authorized spending options. Transportation, health care, housing (not first time home buying), and primary school costs (tuition, after-school care, or tutoring) are not standardly approved for matched spending in Assets for Independence Act or Temporary Aid for Needy Families IDA programs. As the Florida Freedom Initiative program structure shows, it is possible to request modifications to authorized withdraw guidelines.

**Methodology**

The methodology used in this report was primarily qualitative with cursory quantitative analyses. Methods consisted of reviewing U.S. Census data and government agency documents and websites. An assessment of pertinent professional and academic journal articles was also employed. As well, personal interviews were conducted via telephone and e-mail to corroborate agency interpretation of statues and codified operating procedures.
Diversity and comparative quality of consulted resources was imperative, as limited data existed specific to custodial grandparent caregivers. Novel data was impractical for this research, due to time and resource constraints, and inferences made about grandparent caregivers were based upon data carefully extracted to best resemble the population being researched. Collected information was synthesized and evaluated using criteria outlined below.

**Evaluative Criteria**

These criteria will be applied to the current programs available to assist custodial grandparent caregivers as well as three other current program/policy alternatives. Outcomes from the application of these criteria will inform a recommendation for action steps to improve financial conditions for custodial grandparent caregivers while suppressing additional spending for state and federal governments.

- **Number of custodial grandparents served.** This measurement will compare the number of families eligible to participate in each alternative. It also assumes one grandparent per grandchild.

- **Monthly cost per participating grandparent.** This measurement breaks down cost into a per unit measure. This measurement will also show the cost that is additional to public dollars already being spent to serve grandparent caregivers.

- **Total annual estimated cost for program.** This measurement will consider the total cost of covering each family likely to participate. Estimated administrative costs will not be included as costs to administer and assess for special needs maintenance payments are unknown.
• **Political feasibility.** This measurement will assess the likely political support for option alternatives.

**Introduction to Alternatives**

**Base Line – Status Quo Relative Caregiver Program**

The status quo consists of two small programs that specifically assist grandparent caregivers through financial support. The Relative Caregiver Program (RCP) is extremely restrictive in its application and the National Family Caregiver Support Program (FCSP) provides a very limited range of services for grandparent caregivers. The National Family Caregiver Support Program can provide information on political support for programs that assist grandparent caregivers, but program data is virtually unavailable so will not be considered for cost criteria evaluation as part of the status quo. Moreover, neither of these programs directly addresses a lack of assets nor do they support the creation or procurement of assets.  

**Alternative 1 - Enhanced Relative Caregiver Program**

Grandparents and grandchildren participating in the Relative Caregiver Program will be eligible for cash subsidies equal to subsidies provided to non-relative foster caregivers. Subsidies that vary from the standard foster care board rate due to the special needs of children shall be equally applied to grandparent caregivers. This alternative would include every child that has gone

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6 Data for this option was found in the Economic Self-Sufficiency Projections for TANF Estimating Conference Cash Assistance Caseload and Benefits Payments, Relative Caregiver, July 2004 to August 2005 (personal communication, Don Winstead, September 30, 2005) (see Appendix). This data covers persons participating and since benefits from RCP are for adjudicated children, persons participating likely refer to the numbers of children enrolled in the program. The latest participant data will be assigned a one-grandparent value. See footnote 4 for calculations and further explanation.
through the child welfare system that has been placed with a grandparent regardless from which state the child was removed.\footnote{Data was undiscoverable regarding how many RCP participating children qualify as having special needs. For this, an estimate will be applied that resembles that of the proportion of foster care children who meet the special needs criteria. No data was available on the number of foster children in Florida who are classified as having special needs so data from a comparative study including Florida, Pennsylvania, and California will be used. Florida did not contribute special needs data to this study thus the average for Pennsylvania (41\%) and California (32\%) will be used, 36.5\% or approx. 5,226 of formal custodial grandparent cases (Rosenbach, 2001). Data was also not available for how many children come to live with their grandparents from out-of-state. There is no available comparable data for this sub-group. Therefore, a 1\% value will be used to calculate out-of-state participation numbers and cost (approx. 143 cases).}

This alternative is distinct from the current situation because it changes the amount provided by the current Relative Caregiver Program subsidy. This alternative includes additional funds, equal to the foster caregiving program, to be allocated to grandparent caregivers who are caring for children with special needs and allows children removed from homes outside of the state of Florida to become eligible for payments if their grandparent caregiver is considered a legal resident of the state.

\textbf{Alternative 2 - Universal Relative Caregiver Program}

This alternative allows all grandparent caregivers to participate in the Relative Caregiver Program (RCP) regardless of their legal status as custodian as long as they can verify that they are providing the majority of care for their grandchildren. Hence, this alternative is a universal application of the current RCP, the status quo. This option maintains Florida’s current policy on kinship caregivers, reduced maintenance payments due to a perceived familial obligation, and applies non-relative foster care policy to grandparent caregivers, maintenance payments are awarded even when caregiver does not fall below the federal poverty level. Informal custodial
caregivers, like formal custodial caregivers, wishing to participate in this universal program will be required to complete and pass RCP’s modified home study to be eligible for benefits\(^8\).

**Alternative 3 – Relative Caregiver Program Individual Development Accounts (RCP IDA)**

This option entails the creation of a five-year Individual Development Account (IDA) demonstration project for custodial grandparents caregivers. It is recommended that matching ratios be applied to these accounts at the same rate as Florida Freedom Initiative accounts (up to an $8 match for every $1 saved depending on available funding) with matching funds provided by Assets for Independence Act (AFIA) or Temporary Aid for Needy Families IDA waiver dollars. Matching limits will resemble those of the AFIA, $2,000 per individual $4,000 per household (AFIA, 42 USC 604, 1998).\(^9\)

Supplemental funding should be sought from private foundations or research institutions that specialize in aging or child welfare issues, such as the Annie E. Casey Foundation and the University of Michigan’s Michigan Center on the Demography of Aging. It will also be suggested that participants deposit at least half of their Earned Income Tax Credit (EITC) to build savings. Since these deposits may be large, matching funds will be $2 to every EITC dollar committed.\(^10\) These matched contributions will be in addition to the current Relative Caregiver Program benefits, $3,024 per year.

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\(^8\) For calculation of cost and participation rates for this option, estimates for those who are willing or able to complete and pass the home study will be set at 85% (44,197) of the total formal and informal custodial grandparenting arrangements (Simmons & Lawler-Dye, 2003).

\(^9\) Evaluations of the American Dream Demonstration revealed that the average annual deposit for its participants was $528 and the average matching ratio was 2:1 (Schreiner, Clancy & Sherraden, 2002). Therefore, we would expect for RCP IDA participants to average $528 in annual deposits. With a 3:1 matching ratio and the EITC estimates below, estimated annual RCP IDA balance would be $4,662. This would require an average annual contribution by funding sources of $3,284 per participant.

\(^10\) The average EITC receipt for 2001 was $1,700 (Brookings Institute, n.d). $850 is half of the average EITC. Thus, IDA funding commitment would be $1,700.
Individual Development Accounts (IDAs) generally have restrictions on how their matched balances can be used. These accounts will allow grandparents to spend their savings on (1) housing (rent, the purchase of a home regardless of how many times the participant has purchased a home before, home repair), (2) medical care (supplemental insurance premiums, out of pocket expenses, prescriptions), and (3) transportation needs in excess of the Temporary Aid for Needy Families (TANF) IDA standard allowances. Spending that benefits grandchildren will also be allowed. This will include costs related to (1) childcare and education (primary, secondary, or post-secondary), (2) medical care (uninsured portions of care as grandchildren in RCP usually qualify for Medicaid) and (3) transportation. Transportation for grandchildren is an important consideration for those grandparent-headed families wherein grandparents may need assistance themselves with driving or transporting their grandchildren to school or other positive growth activities.

These alternatives to the current programs are recommended to apply to all households wherein a grandparent is providing custodial care for a grandchild. Depending on the level of dollars available, it may be necessary to limit IDAs to families who fall at or below 200% or 150% of the federal poverty level. Expected positive externalities of these alternatives include less financial risk for older adults and an increased likelihood of stable residency for children unable to live with their parent(s).

**Findings**

Alternatives to current programs have been presented here that attempt to address all modes of possible improvement: larger cash payments, increased number of individuals served, and
assisted savings leading to the accumulation of assets. For reference, the most visible current program, the Relative Caregiver Program, was evaluated with universally applied criteria. This was the most inexpensive and politically feasible option. However, it did not motivate savings for participants.

The next alternative, the Enhanced Relative Caregiver Program, essentially extended foster care benefits to custodial grandparent caregivers. This program requires funding from Temporary Aid for Needy Families (TANF), Title IV-E, and Medicaid. Total costs were a little more than $123 million with the TANF and Title IV-E contribution being approximately $68 million. If TANF and Title IV-E dollars were the only ones considered, this option would be the next most inexpensive option, however the political costs of increasing Medicaid spending at this time are likely to negate this option as viable.

Alternative 2, the Universal Relative Caregiver Program (RCP), allows for all custodial grandparent caregivers to participate in the status quo Relative Caregiver Program, regardless of legal status as custodian. Though this option served the most individuals, it was the most costly option. Political feasibility was low because TANF dollars would be used to benefit the non-poor. The final alternative, Relative Caregiver Program Individual Development Accounts (IDAs), permits custodial grandparent participants to continue receiving RCP benefits while saving money to finance assets but does not increase the number of eligible participants. This option was the second most inexpensive if Medicaid costs are considered for the Universal Relative Caregiver Program. Political feasibility is moderate for this demonstration, as there is
another IDA pilot being conducted in the state and it most comprehensively addresses the unique needs of this population.

Table 2. Alternatives Matrix

<table>
<thead>
<tr>
<th>Alternatives</th>
<th>Status Quo</th>
<th>Enhanced Relative Caregiver Program</th>
<th>Universal Relative Caregiver Program</th>
<th>Relative Caregiver Program Individual Development Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluative Criteria</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Custodial Grandparents Served</td>
<td>14,320</td>
<td>14,320 (5,226 special needs cases, 143 out-of-state cases)</td>
<td>44,197</td>
<td>14,320</td>
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<tr>
<td>Monthly cost per Participating Grandparent</td>
<td>$252</td>
<td>$395 non-special needs</td>
<td>$252</td>
<td>$525 ($273, IDA $252, RCP)</td>
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<tr>
<td>Total Annual Cost Estimate</td>
<td>$43,303,680$11</td>
<td>$123,188,784$12</td>
<td>$133,651,728</td>
<td>$90,216,000$13 (46,123,320 for IDA alone)</td>
</tr>
<tr>
<td>Political Feasibility</td>
<td>High. This program is already operating.</td>
<td>Low. Florida is seeking to lower Medicaid expenditures so a $67 million dollar increase seems unlikely to be popular.</td>
<td>Low. Universal coverage includes non-poor grandparent caregivers. This option is also the most costly.</td>
<td>Moderate. The Florida Freedom Initiative demonstration received a favorable reception.</td>
</tr>
</tbody>
</table>

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$^{11}$ Does not include supplemental expenditures (payroll) totaling $114,400/month (personal communication, Don Winstead, September 30, 2005).

$^{12}$ Maintenance payments for children with special needs come primarily from Medicaid dollars. It is unknown what the proportion is for how much comes from foster care funds. One may suspect that funds over the board rate are from Medicaid. Therefore, an estimate for the cost of providing maintenance payments for children with special needs less suspected Medicaid contributions would be $67,876,800.

$^{13}$ If Boshara’s (2005) IDA average administrative cost estimate is used, $10,997,760 would be added to the total annual cost of the RCP IDA and the IDA alone.
**Recommendations and Conclusion**

The alternative that most conscientiously elevates Florida’s response to the needs of its custodial grandparent caregivers is the Relative Caregiver Program Individual Development Account demonstration. This demonstration best advances child welfare, economic self-sufficiency, and gives Florida the opportunity to gather more information about best practices in respect to kinship caregiving. It is a pilot consistent with Florida’s commitment to cutting edge policies designed to enhance citizen quality of life while maintaining fiscal accountability.

An additional benefit to this option is that the funds invested in this program are predicted to reduce future State expenditures on housing and healthcare costs associated with asset poor elders. It is recommended that the State remain diligent in data collection for the Relative Caregiver Program Individual Development Account. Because data collection was so difficult, it is further advised that the State increase its data collection for current programs in the state (Relative Caregiver Program and the National Family Caregiver Support Program).

While dispensing funds to care for a grandchild is voluntary, custodial grandparents engaging in this spending are realizing the social goal of safety and consistency for children not able to be raised by their parents. Current programs serving custodial grandparent caregivers are limited in scope and are inadequate to meet the long-term needs present in this population. The creation and maintenance of assets is vital for this population as they will likely age into later life with depleted wealth that leaves them financially unprepared to care for themselves.
Grandparents Raising Grandchildren

References


### ECONOMIC SELF-SUFFICIENCY PROJECTIONS FOR TANF ESTIMATING CONFERENCE

#### CASH ASSISTANCE CASELOAD AND BENEFITS PAYMENTS

**RELATIVE CAREGIVER**

July 2004 to August 2005

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<tr>
<th></th>
<th>Caseload</th>
<th>Persons</th>
<th>Grant ($)</th>
<th>Net Expenditures ($)</th>
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<td>July-04</td>
<td>10,349</td>
<td>17,938</td>
<td>252.57</td>
<td>4,530,638</td>
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<td>11,539</td>
<td>17,929</td>
<td>252.82</td>
<td>4,532,775</td>
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<td>13,314</td>
<td>18,050</td>
<td>252.99</td>
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<td>253.63</td>
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<td>18,970</td>
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<td>May-05</td>
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<td>18,734</td>
<td>253.71</td>
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<td>19,002</td>
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<td>4,764,093</td>
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<td>19,047</td>
<td>252.58</td>
<td>4,810,830</td>
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*Source: Personal communication, Don Winstead, September 30, 2005.*
Press Release

December 7, 2005

Contact: A. Michelle McMullen
(850) 672-2394

Study Recommends Long-Term Asset Strategy for Grandparent Caregivers

TALLAHASSEE – A report submitted to the Askew School of Public Administration and Policy at Florida State University recommends Individual Development Accounts (IDAs) for grandparent caregivers at risk of losing savings from caring for their grandchildren.

Florida grandparents who care full-time for their grandchildren are often unprepared to take on the financial responsibility of raising more children and usually do not receive financial help from the parents of their grandchildren. Current state programs aimed at assisting this population provide only a temporary fix of low cash benefits and do not promote the long-term economic security of these caregivers. The costs of raising grandchildren can stress grandparents’ resources to the point that they need greater amounts of state assistance in old age, like Medicaid and housing assistance.

The new report recommends instituting an Individual Development Account (IDA) demonstration program for caregivers already enrolled in the Department of Children and Families’ Relative Caregiver Program. Individual Development Accounts are savings accounts that receive matched funds from public and private donors. These accounts have been tested
nationally and internationally, yet this is the first IDA demonstration to be recommended for grandparent caregivers.

The full report will appear online and will be accessible from the Public Administration Graduate Association website http://www.pubadm.fsu.edu/paga/

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