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**Problem or opportunity:** The review of financial assistance for caregivers confirmed that the current financial assistance system is not fit-for-purpose. In particular, the financial assistance caregivers receive does not adequately cover the costs of caring for children or enable caregivers to provide children with the same experiences as other children and meet their additional needs. The eligibility settings and processes also pose barriers for caregivers and may mean that some children are in care arrangements where caregivers are not financially supported to provide quality care. Inadequate financial assistance can contribute to: children's full range of needs not being met; additional stress for families which is heightened for those with low-incomes; placement breakdown; child poverty; poor child wellbeing outcomes in health and education. Current financial settings may disadvantage non-statutory caregivers (for which a significant proportion are Māori), in some cases a child's needs may be better met in State care, primarily because the financial support available outside of the statutory system could be inadequate to meet the nature of the assessed needs a child in care is likely to have.

**Future state:** Children living with caregivers are in safe and stable homes, with preference given to caregivers who are members of their whānau, hapū, iwi or family group who are able to meet their needs and where it is in their best interests. Interim changes to the base rate of the FCA, OB and UCB begin to mitigate the immediate issue of current rates being insufficient, short-term and temporary caregivers are able to access financial support, and children can celebrate birthdays and Christmas' like their peers. This support will reduce caregiver stress and mitigate the risk of placement breakdown, potentially preventing children coming into statutory care. Better support and more stable home environments will also result in children feeling loved, supported and connected, and will improve their long-term wellbeing outcomes across a range of domains.

### INPUTS/ACTIVITIES

What will we do to address the problem or opportunity described?

### OUTPUTS

What outputs will we see as a result of our activities?

### SHORT-MEDIUM TERM OUTCOMES

What improvements to wellbeing will we see in the short-medium term?

### LONG TERM OUTCOMES

What improvements to wellbeing will we see in the longer term?

**Revise the base rate** of the Foster Care Allowance (FCA), Orphans Benefit (OB) and Unsupported Child's Benefit (UCB), which would be an interim step towards a base rate that better covers the costs generally incurred by any parent or caregiver caring for a child.

Children's day-to-day needs are better met (eg relating to housing, food and clothing), including those living with caregivers for a short period of time or for an unknown duration

**Extend Birthday and Christmas Allowances** to OB and UCB caregivers

Children can celebrate birthdays and Christmas' like their peers

**Extend eligibility for OB and UCB** to short-term and temporary caregivers

Caregivers, including short-term caregivers, are less likely to have to pay for day-to-day costs of caring for the child out of their own pocket and are better able to manage costs

#### TAMARIKI MĀORI ARE THRIVING UNDER THE PROTECTION OF WHĀNAU, HAPŪ AND IWI

- More **whānau, hapū and iwi are able to care for children** outside of the State care system
- **Increased parity** in the financial assistance available between OB and UCB caregivers, and FCA caregivers

#### CHILDREN ARE LIVING IN SAFE AND STABLE HOMES

- Children have **more safe and stable home environments**
- Caregivers have reduced **emotional and financial stress**
- Caregivers have improved **financial stability**
- Increased **caregiver satisfaction and sense of value**
- Increased **caregiver recruitment and retention**

#### CHILDREN'S CARE, PROTECTION AND WELLBEING NEEDS ARE MET

- Children's **full range of needs** are better met, including recovering from trauma
- Caregivers provide loving, nurturing and enriched home environments, improving **child wellbeing**

#### THE NEED TO ENTER STATE CARE IS REDUCED

- Increased **use of care arrangements outside of the State care system**
- More **children are in safe and stable arrangements with their family, whānau, hapū, iwi or family group**

CHILDREN AND YOUNG PEOPLE FEEL MORE LISTENED TOO AND BETTER UNDERSTOOD

#### IMPROVED:

Child **educational** attainment and participation

Child **health**

Child **future employment**

Availability of **appropriate placements** for children

#### REDUCED:

Child and household **poverty**

**Disparities in outcomes for children who have been living with a caregiver** (including living with statutory and non-statutory caregivers)

Future **offending**

**Alignment with 7AA and mana tamaiti:** This initiative will support achievement of the following mana tamaiti objectives: (1) we support, strengthen and assist whānau Māori to care for their tamaiti/tamariki to prevent their removal from home into care or a YJ response; (2) we place tamariki Māori (including their siblings) with members of their wider whānau, hapū or family group, and ensure support and assistance is provided to meet their needs; (3) we support tamariki Māori to establish, maintain or strengthen their sense of belonging through cultural identity and connections to whānau, hapū and iwi.

**Appendix E: Evidence to support impacts of initiatives**

| Evidence supporting impact for caregivers                     |   |
|---|---|
| <b>Caregivers have reduced emotional and financial stress</b> | Research highlights clear links between increased income and reduced emotional and financial stress (MSD and Oranga Tamariki, 2019).  |
| <b>Caregivers have improved financial stability</b>           | Increased financial stability will be achieved through increases to the base rate of the OB and UCB.  |
| <b>Increased caregiver satisfaction and sense of value</b>    | A range of research highlights the link between increased financial support and improved caregiver satisfaction and sense of value. A recent literature review completed by the Oranga Tamariki Evidence Centre (2019) noted a consensus in the literature, that while financial support is not the core motivator to become a caregiver, financial reimbursement is a key contributor to caregiver satisfaction. This finding is also reflected in a recent survey of Oranga Tamariki caregivers that received 1,283 responses, which noted that a caregiver’s perception of whether financial support is adequate significantly contributes to overall satisfaction (Oranga Tamariki Evidence Centre, 2019: Caregiver satisfaction survey; regression analysis).  |
| <b>Increased caregiver recruitment and retention</b>          | <p>International evidence demonstrates a strong link between financial assistance and caregiver retention. Literature identifies a well-established relationship between increases in financial assistance and the decision to remain a caregiver. Studies suggest increased financial assistance has the potential to improve caregiver retention by up to 30%. For example:</p> <ul style="list-style-type: none"> <li>– in the US, a study involving survey responses from 1,094 caregivers found that the overall allowance amount paid to caregivers significantly predicted whether they continued to be active foster parents, with caregivers receiving the highest allowance three times more likely to continue actively fostering than those who received the lowest allowance, which was around 50% of the highest allowance rate (Campbell &amp; Downs, 1987 cited in Oranga Tamariki Evidence Centre, 2019: professionalisation of caregivers evidence brief).</li> <li>– A randomised control trial conducted in the US found caregivers who received a \$70 month stipend in addition to their regular reimbursement ceased caregiving at a rate two-thirds less than a control group who did not receive a stipend (noting that values are in 1992 dollars) (Chamberlain, Moreland, &amp; Reid, 1992 cited in Oranga Tamariki Evidence Centre, 2019: professionalisation of caregivers evidence brief).</li> </ul> <p>The relationship between caregiver retention and financial support may reflect an improved ability to cover child-related costs incurred through fostering, compensation for hours lost through reduced employment, and more financial freedom. In particular, studies draw a link between levels of financial assistance that enable caregivers to stay out of the paid workforce, and increased retention (see Oranga Tamariki Evidence Centre, 2019: professionalisation of caregivers evidence brief). However, as previously noted, studies also typically acknowledge that financial assistance is not the core motivator for initial recruitment.</p> <p>Evidence also suggests that increasing caregiver’s satisfaction and sense of value is also likely to result in improved retention and recruitment. For example, several studies have identified overall satisfaction as a key factor associated with foster carer retention (Denby, Rindfleisch, &amp; Bean, 1999; Sinclair, Gibbs, &amp; Wilson, 2004; Eaton and Caltabiano, 2009 cited in Randle, Miller, &amp; Dolnicar, 2018).</p> <p>Research shows the most effective means of attracting and recruiting new caregivers is through ‘word of mouth’ – ie, knowing or meeting a caregiver (McGuinness &amp; Arney, 2012, cited in Oranga Tamariki Evidence Centre,</p> |

2018: care services benefits realisation). However, for this form of recruitment to be effective, caregivers must be satisfied in their roles. Given evidence highlights a link between financial support and caregiver satisfaction, providing increased financial assistance is likely to result in caregivers becoming more effective recruiters.

While a number of these studies relate to caregivers of children in state care, we anticipate the same results among caregivers in receipt of the OB, or UCB.

### Evidence supporting impact for children

#### Children have more stable home environments

A study by Pac (2017) found that a 1% increase in a stipend to cover necessities decreased the likelihood of placement disruption by 27%. This effect is moderately significant for children living with kinship caregivers and insignificant for children living with nonrelative foster caregivers.

Research undertaken in the US by Duncan and Argys (2007) found a \$100 increase in the basic monthly foster care payment reduced the number of times a child was moved from one foster placement to another by 20%. At the time the data was collected in 1998 the basic foster care payment in US states observed ranged from a low of just over \$200 per month to over \$700 per month.

Doyle and Peters cited in Oranga Tamariki Evidence Centre, 2019: Professionalisation of caregivers evidence brief also found a link between increased financial assistance and placement stability.

The strength of the relationship between financial support and placement stability suggested by these studies may not necessarily directly translate to a NZ context. These studies suggest we are likely to see a positive impact, but we cannot precisely quantify this.

#### Children have more safe home environments

There is a large body of international research that demonstrates a causal link between increased income and improved outcomes for children. For example, several experimental and quasi-experimental studies have found a significant relationship between income increases and reduced incidence of child maltreatment. These studies suggest even modest increases in income can reduce maltreatment by a significant margin, for example:

- a 10% increase in the maximum benefit was predicted to reduce the foster care population by nearly 20% (Paxson & Waldfogel, 2002, cited in Oranga Tamariki Evidence Centre, 2019)
- a 16% increase in the minimum wage implies a 9.6% decline in neglect reports, particularly for young and school-age children (Raissian and Bullinger, 2016)
- a 30% reduction in income can increase the risk of children entering an out-of-home placement by 25% (Oranga Tamariki Evidence Centre, 2019).

These benefits are particularly pronounced for parents supported by a benefit or with low incomes (Rostad, Rogers and Chaffin, 2017). These studies provide a strong empirical basis for the link between increased income and reduced risk of child welfare involvement, which may be associated with an increased ability to meet children's basic needs and reduced parental stress.

#### Improved child educational attainment and participation

There is strong evidence to suggest the short-term outcomes anticipated through this initiative can translate to improved long-term wellbeing across a range of domains. For example:

#### Improved child health

#### Improved child future employment

- There is a large body of research highlighting the link between family poverty and poor long-term outcomes relating to health, psychosocial development, housing, education, and involvement with the care, protection and youth justice systems (for a recent review, see MSD, 2018, *Rapid evidence review: The impact of poverty on life course outcomes for children, and the likely effect of increasing the adequacy of welfare benefits*). Research also provides some evidence that increases in household income from cash transfers positively affects child and adult outcomes (MSD, 2018). Therefore,

|   |   |
|---|---|
| <p><b>Reduced child and household poverty</b></p> <p><b>Reduced future offending</b></p>  | <p>we expect that increases in the financial assistance payment settings will result in improved long-term outcomes.</p> <ul style="list-style-type: none"> <li>– Research highlights a link between supporting children to recover from trauma and improved long-term wellbeing. Children affected by trauma are more likely to disengage from education, have substance abuse issues, be unemployed as adults, offend, and experience physical, mental, and developmental challenges (Klain &amp; White, 2013, cited in Oranga Tamariki Evidence Centre, 2018: Care Services benefit realisation). Therefore, we expect that meeting children’s full range of needs, including supporting them to recover from trauma, can contribute to mitigating these negative outcomes.</li> </ul> <p>There is a range of evidence linking placement stability with improved wellbeing outcomes. For example, research suggests children in stable placements require fewer mental health services, and have less severe behavioural problems, better educational outcomes, and improved psychosocial development (see Randle, Miller &amp; Dolnicar, 2018). Conversely, research has also found failing to provide children safe and stable homes can lead to attachment disorders, growth delays, criminal offending, and unemployment (Prior and Glaser, 2006 cited in Hayduk, 2014; Kaye and White, 2008; Currie and Tekin, 2012; Currie and Widom, 2010).</p> |
| <p><b>Reduced disparities in outcomes for children who have been living with a caregiver (including living with statutory and non-statutory caregivers)</b></p>   | <p>This initiative will target children living with caregivers (including living with statutory and non-statutory caregivers) and will result in the benefits outlined above. Therefore, it will reduce the disparities in outcomes for these children, compared to children in the general population.</p>   |
| <p><b>Improved availability of appropriate placements for children</b></p>  | <p>Increasing caregiver recruitment and retention in the short-term will lead to improved long-term outcomes for children. A care system which has more caregiver options available for children in care, is better able to ensure the successful matching of a child with a caregiver option that can meet the needs of that child. The match between a child and the caregiver, with whom they are placed, is one of the most significant predictors of positive outcomes for children in foster care (Schofield, Beek, &amp; Ward, 2012; Southerland, Mustillo, Farmer, Stambaugh, &amp; Murray, 2009; Winokur, Holtan, &amp; Batchelder, 2014, cited in Oranga Tamariki Evidence Centre (December 2018): Care Services benefit realisation)</p>   |
| <p><b>Evidence supporting impact for Māori</b></p>  |   |
| <p><b>Increased use of care arrangements outside of the State care system</b></p> <p><b>More children are in safe and stable arrangements with their family, whānau, hapū, iwi or family group</b></p> <p><b>More whānau, hapū and iwi are able to care for children outside of the State care system</b></p> | <p>There is some evidence to suggest higher levels of financial support will increase the likelihood that children are placed with family members, or in placements outside the State care system. Several studies have identified a supply-demand relationship between stipend amounts, and the willingness of families to provide care, finding almost universally that an increase in stipend increases a family’s willingness to do so (see Pac, 2016). Family placements typically involve lower income families, therefore research suggests kinship placements may be more sensitive to changes in stipend than foster families (Pac, 2016).</p>   |