Professor tackles economics of adoption

BY MATT GETTY AND EMILY D. JOHNSON

As AU economics professor Mary Hansen and her family waited to adopt a child from the U.S. foster care system in 2000, she, like many parents preparing to adopt, started reading up on child welfare policies. Unlike other parents, however, Hansen noticed something curious about the literature on how economic policies impact adoption. Namely, there wasn’t any.

“I was flabbergasted to find that despite millions and millions of dollars spent on economic incentives to encourage adoption, there was no research on the efficacy of these policies,” Hansen recalls. “I thought I was surely missing something, and I spent hours at library reference desks, but there was nothing.”

More than 125,000 American children currently live in foster care unable to return to their birth parents, often waiting years before finding a permanent family. Both federal and state governments have created financial incentives to encourage the adoption of foster care children, but little is known about how these incentives impact families’ decisions to adopt. While an increase in the number of adoptions followed the creation of these incentives, at the time when Hansen was preparing to adopt there was no way of knowing whether such increases resulted from the incentives or from other factors. “Without an economic study to separate these increases from time trends, you just can’t measure the real impact of these policies,” Hansen explains. Simply put, without an economist’s interest in this issue, there was nothing to support policies helping a large group of at-risk youth find permanent families.

That’s where Mary Hansen, the parent, met Mary Hansen, the economist.

Already the mother of an 8 and 12 year old, Hansen decided to adopt her first foster care child out of a desire to, as she puts it, “do something tangible to make the world a better place.” Since then she has adopted two more children out of foster care for the same reason. Accordingly, a research project that could help support and create social policies to spur other parents to do the same struck Hansen as an opportunity to merge her personal and professional passions. “I
think that these policy questions are hugely important," Hansen explains. “We’re talking about having an impact on what I consider to be the country’s most vulnerable population—children growing up without families.”

Shortly after her first adoption, Hansen began informally using statistical tools like panel data sets and fixed effects analysis to try to separate the influence of economic adoption policies from other factors in the permanent placement of foster care children. In 2003 her work earned her a $60,000 grant from the National Institutes of Health that allowed her to launch a more formal and in-depth study.

Today, she oversees several undergraduate research assistants using the Washington College of Law’s library to research the legislative history of the foster care system on both the state and federal level back to the 1980s (when economic adoption incentives were first launched). Casting the legal history against government data on adoption and foster care over the past two decades, Hansen continues to wrestle with the economics of adoption to determine the best models for government regulation in this area. “In its simplest terms,” she explains, “the goal of my research is to determine the most effective policies for moving waiting children to permanent families.”

Thus far Hansen’s study has indicated that financial incentives do indeed directly influence families’ decisions to adopt children out of foster care. In fact, her research argues, with slight increases such policies could even generate more adoptions. “States could make significant gains by increasing the economic incentives,” Hansen says. “Something as simple as a couple hundred dollars a month could make a huge difference.” Still, these findings mark only the beginning of Hansen’s work on what she sees as “a career-long project [that] will evolve as policy evolves.”

Though she has discovered this positive correlation between financial incentives and adoption, Hansen is quick to point out that families adopting children out of foster care are seldom motivated solely by economic concerns. Rather, the financial incentives often allow families to make a decision that ultimately has much deeper ramifications. “There are huge rewards to match the challenges that come with parenting children who have had the kind of negative early experiences foster children often do,” Hansen explains. “There’s a lot of personal growth involved. You learn a lot about yourself. You learn a lot about how families work.”

And perhaps this is where Mary Hansen, the parent, and Mary Hansen, the economist, diverge. After all, teasing out the motivations behind families’ decisions to adopt may involve some pretty complex statistical analysis, but Hansen’s own choice hinged on a much simpler math. “There are 125,000 kids who need families,” she explains. “We had room in ours.”