



Analytical assessment of the adequacy of the compensation and leaves for foster parents' work and allowances for children in foster care

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INTRODUCTION

- The **foster care system in Croatia serves as a vital safety net** for children facing challenging family situations, offering them a (temporary) haven from instability.
- Children in foster care, as well as the foster families that host them, **have a range of needs**, and addressing these through adequate compensation and support is vital.
- Croatia recently has undergone a transformative process of redefining its alternative care system, including transforming and strengthening foster care.
- One obstacle within this transformation is that despite sustained efforts over the last years, **the number of foster parents is too low** to cover the needs, and decreasing.

This study assesses the adequacy of the compensation and leaves for foster parents, as well as the allowances provided to help meet the needs of children in foster care.

An analytical assessment

Government of Croatia and UNICEF Country Programme Document 2023-2027

UNICEF contracted **Economic Policy Research Institute**
to conduct an analytical assessment of the adequacy of the compensation and leaves for foster parents' work
and allowances for children in foster care

partnership

Ministry of Labour, Pension System, Family and Social Policy,
Ministry of Demography and Immigration
and Croatian Institute for Social Work

RESEARCH QUESTIONS

1. To what extent is the package of support for foster care families in the Croatia appropriate for children placed in foster families, including refugee, migrant and unaccompanied and separated, foster care providers and the government to ensure that:
 - a. children's and foster families' **needs are adequately addressed**;
 - b. foster families are **adequately compensated for their work**, particularly in the context of risks of poverty and social exclusion; and,
 - c. the government's **policy objectives** with regards to foster care **can be met**?
2. What are the examples of **good practices** in reviewed European countries, and how can these positive examples be utilised for enhancing foster care related allowances, compensation and leaves in Croatia?
3. What are the possible **directions of reform of the existing package of support** for children placed in foster families and foster care service providers?

ASSESSMENT FRAMEWORK - ALLOWANCE

Assessing
adequacy of the
foster care
allowance

- Against the **costs of raising a child in foster care**, as identified through the costing of the needs of a child in foster care;
- Against the **flexibility to cover less frequent or occasional expenses** (initial placement, occasional expenses, exiting foster care);
- Against the **costs of raising a child with disabilities or behavioural problems**, as identified through the costing of their needs;
- Against the **inclusive benefit** for persons with disabilities;
- Against European **countries** as identified through a comparative analysis.

ASSESSMENT FRAMEWORK – COMPENSATION/LEAVES

Assessing adequacy of the package of compensation, leaves and other social benefits

- Against **relevant benchmarks**:
 - Minimum wage in Croatia in 2024
 - Remuneration (wage and other benefits) for similar work
 - Remuneration (wage and other benefits) for people with similar qualification on the labour market
- Against **expectations and needs** of foster parents;
- Against **national policies and legislation**;
- Against European **countries** as identified through a comparative analysis.

METHODOLOGY

Desk review

Review of relevant **background information** into the policy and regulatory framework for foster care provision in Croatia and international best practices in foster care allowances, compensation and leaves.

Participatory data collection

- 1. Key informant interviews (31)** at national (20) and sub-national (11) level with stakeholders from Government, academia, civil society and development partners.
- 2. Focus group discussions (21)** with 87 foster parents, 21 foster care implementers and 5 young adults with recent foster care experience.

Quantitative analysis

- 1. Costs** of raising a child in foster care and additional cost of disability
- 2. Comparative analysis** with three European countries
- 3. Macrosimulation to cost** new/revised model(s) of foster care support financing.

TYPES OF FOSTER CARE

Conditions	Kinship foster care	Traditional foster care	Professional foster care	
			Standard foster care	Specialized foster care
Education & experience	N/a	Completed secondary education	Previous experience as traditional foster parent;	Completed education at secondary, undergrad or graduate level in one of the welfare fields; Special knowledge and skills in line with the child's needs
Number of children in care	N/a	Max 3, more if siblings Max 2, if single person; more if siblings.	3, more if siblings. 2, if under 3 or with disabilities;	1 child with severe disabilities or behavioural problems.
Otherwise employed	N/a	N/a	No	No

ADEQUACY OF FOSTER CARE ALLOWANCE

DETERMINING THE LEVEL OF THE ALLOWANCE

Foster parents receive financial support to cover the costs of raising the child, in the form of a foster care allowance for each child in foster care.

- For a child without special needs the monthly allowance varies, depending on age, between **€ 404 (0-3 years)**, **€ 416 (3-7 years)** and **€ 456 (>7 years)**.

Allowance is expected to cover the needs of a child in foster care, but there is **no systematic description of these needs**.

No clear methodology exists for determining the level of the allowance.

- Allowance increased in recent years, which has been a positive development.
- However, no process of reviewing and making adjustments on a regular basis or following transparent guidelines could be identified.

ADEQUACY OF FOSTER CARE ALLOWANCE

COST OF RAISING A CHILD IN FOSTER CARE

In absence of a clear definition of needs, **this assessment developed a methodology** for calculating the cost of raising a child in foster care.

- To arrive at an actual cost of raising a child in foster care, **a set of itemized budgets** was developed and costed, including both goods and services.
- **Ten categories of costs** have been included namely housing & energy, food, clothing & footwear, household goods & services, health, leisure, transport, personal care, education, and celebrations and invitations of friends.
- Where relevant and available, price data was collected for **two sets of items, under two scenarios** (low-cost scenario and modest-but-adequate scenario).
- All costs are **standardized to a monthly average**.
- Done for children aged **12 months, 6 years and 14 years** old.

SAMPLE BUDGETS – CLOTHING AND HOUSING/ENERGY

Clothing and footwear (sample)	Item description	Price	Store	Quant.	Life (months)	Monthly cost
<i>Warm wear</i>						
Winter jacket	3 in 1 hiking jacket sh100 - 0.5°C warm and waterproof children's	45.99	Decathlon	1	24	€ 1.92
Raincoat		15.49	Decathlon	1	24	€ 0.65
Cardigan	Vesta - grubo pletivo	9.99	Takko	1	12	€ 0.83
Jumper	Pulover - spuštена ramena	12.99	Takko	3	12	€ 3.25

SAMPLE BUDGETS – CLOTHING AND HOUSING/ENERGY

Housing & energy (sample)	Average annual consumption (adult)	Average annual consumption	Average monthly taxes (per person)	Estimated consumption per child	Price per unit	Annual cost (per child)	Monthly cost
Water & energy							
Energy charges	3000 kWh	n/a		2400 kWh	€ 0.13	€ 312	€ 26
Water charges	n/a	50 m ³		40 m ³	€ 1.93	€ 77.20	€ 6.43
Other city taxes							
Waste water management			€ 15				€ 15
Garbage collection			€ 18				€ 18

COST OF RAISING A CHILD IN FOSTER CARE

	14 years old		6 years old		12 months old	
Threshold	Low cost	Moderate but adequate	Low cost	Moderate but adequate	Low cost	Moderate but adequate
Cost category						
Total	€ 821.42	€ 1102.04	€ 569.13	€ 733.69	€ 681.37	€ 983.67
With a 20% decrease in prices	€ 657.14	€ 881.63	€ 455.31	€ 586.96	€ 545.10	€ 786.93
Foster care allowance (basic level)	€ 456		€ 416		€ 404	

- The allowance covers between 41%-55% of the **total needs** of a 14-year-old, between 57%-73% of those of a 6-year-old and between 41%-59% of those of a 12-month-old.
- The foster care allowance covers between 70%-88% of the **basic needs** of 14-year-old children without any significant special needs; between 80%-102% of those of a 6-year-old, and between 48%-68% of those of a 12-month-old.

ADEQUACY OF FOSTER CARE ALLOWANCE

INITIAL PLACEMENT, OCCASSIONAL EXPENSES, EXITING FOSTER CARE

The current structure of the allowance offers foster parents **limited flexibility to address costs as they arrive.**

The foster care allowance **does not sufficiently cover the cost of initial placement.**

- For new foster parents that would not have any previous equipment/ furniture, the initial placement cost would vary between € 1,450 - € 2,000 for a 14-year-old, between € 1,200 - € 1,900 for a 6-year-old and between € 1,860 - € 2,900 for a 12-month-old.

The foster care allowance **does not adequately cover occasional or hidden expenses.**

ADEQUACY OF FOSTER CARE ALLOWANCE

THE ADDITIONAL COST OF RAISING A CHILD WITH DISABILITIES

Foster parents receive a **20 or 40 percent increased foster care allowance** on behalf of children with disabilities and children with behavioural problems, depending on severity.

For this study, we assessed the **additional cost of raising a child with disabilities** in Croatia, based on a 2023 study by UNICEF Georgia.

- There is great variety between the needs of children with disabilities which is reflected in a great variety of costs.
- The costs vary between € 221.37 for children with low support needs and a mental illness, and € 4,034.89 and € 3,831.54 when having high support needs, and developmental difficulties, chronic disease or deafblindness.

The additional cost of raising a child with disabilities, with (low) high support needs, is **between (2.5) 1.3 and (7) 6.3 times higher than the current allowance with the (20) 40 percent increase.**

ADEQUACY OF FOSTER CARE ALLOWANCE

THE ADDITIONAL COST OF RAISING A CHILD THAT HAS EXPERIENCED TRAUMA

Defining the additional support that children with behavioural problems require is influenced by various factors such as the occurrence, development and course of the specific problem.

- Children with behavioural difficulties and disorders will **require specialised support across multiple areas**, including health, education and social integration.
- There are **hidden costs associated with accessing the health, education, social or legal support services** required by children with behavioural problems.

The foster care allowance is **not sufficient** to cover the additional needs of such children.

SIMILAR FINDINGS ARE FOUND FOR THE SPECIFIC NEEDS OF CHILDREN FROM NATIONAL MINORITY BACKGROUNDS OR UNACCOMPANIED MINORS

ADEQUACY OF COMPENSATION, LEAVE, BENEFITS

COMPOSITION OF SUPPORT PACKAGE

Support package for foster parents **depends on the type of foster care provided, the number of children in care and the level of education.**

- Traditional foster carers receive € 216 per beneficiary (up to 3), standard foster carers receive a fixed sum of € 640, and specialized foster parents receive € 720, € 960 or € 1,200 depending on qualifications. Kinship foster carers do not receive compensation.
- Professional foster carers are entitled to foster care leave, sick leave, pension contribution, health insurance and unemployment benefits; traditional foster parents only to foster care leave; kinship foster carers receive no benefits.

The level of the compensation fee is **not determined through a transparent methodology.**

- Revisions to the package of support and the level of compensation fee are not regularly planned.

ADEQUACY OF COMPENSATION, LEAVE, BENEFITS

- Only specialized foster parents receive compensation **higher than the minimum wage**.
- Compensation fee for all categories of foster parents is **comparable to the average net wages across professions with comparable demands**.
- The compensation package for specialised foster parents is comparable with the benefits for caregiving parent or caregiver granted in the social welfare system but offers less flexibility to foster parents.

	University degree (specialized foster care, graduate level)	Non-university degree (specialized foster care, undergraduate level)	Secondary school education (specialized foster care, secondary education level)
Foster care	€ 1.050	€ 840	€ 630
Education	€ 1.082	€ 895	€ 652
Residential care activities	€ 1.129	€ 884	€ 717
Social work activities without accommodation	€ 1.085	€ 832	€ 536

ADEQUACY OF COMPENSATION, LEAVE, BENEFITS

LEAVES AND OTHER SOCIAL BENEFITS

Package of leaves and social benefits is considered **underdeveloped**.

- Lack of parental leave after foster care leave, lack of sick leave to care for sick child, lack of respite care.
- Right to sick leave (when the parent is sick) is difficult to apply in practice.
- Foster parents do not benefit from the right to sick leave for a sick foster child.
- Contribution to pension and compulsory health insurance only available for professional foster parents.

Furthermore, there is a **weak network of support services**.

- Support services, such as counselling, should be available on a continuous basis.

Exclusion from additional support due to **rule against receiving double benefits**.

COMPARATIVE ANALYSIS – SWE/NLD/IRL

VARIATIONS IN FOSTER CARE ARRANGEMENTS

- The minimum basic amount of foster care allowance and additional allowances are **regulated by law in Ireland and the Netherlands, but not in Sweden.**
 - In Sweden, the municipalities and counties council issues annual recommendations regarding compensation levels, with municipalities setting their own levels.
- **Provision for annual adjustments** to the package of compensation are included in the law In the Netherlands and in Sweden, but not in Ireland.
- Foster care systems in Ireland, the Netherlands and Sweden have a larger diversity in terms of foster care structures and arrangements than in Croatia.
- Apart from “family home” parents in the Netherlands, the **concept of professional foster parent is not present** in Ireland or Sweden.

COMPARATIVE ANALYSIS - ALLOWANCE

The Netherlands

Age	Basic amount per month	Amount per day	Supplement (max per day)	Pocket money (per month)	Clothing allowance (per month)
0-8	€ 709	€ 23.32	€ 4.65	€ 12.00, for children older than 6	n/a
9-11	€ 719	€ 23.63		€ 12.00	
12-15	€ 783	€ 25.73		€ 30.00	€ 54.00
16-17	€ 864	€ 28.41			
18 and older	€ 873	€ 28.70			

Ireland

Age	Basic maintenance allowance (per week), as of Jan 2024	Basic maintenance allowance (per week), as of Nov 2024
0-12	€ 350	€ 400
9-11	€ 377	€ 425

COMPARATIVE ANALYSIS - ALLOWANCE

Sweden

Age	Basic cost compensation			Variable cost compensation (highest allowance)		
	% of base	SKR	Euro	% of base	SKR	Euro
<i>Placement in family home (per month)</i>						
0-12	110%	5,253.00kr	€ 467.15	45% (155%)	2,148.00kr	€ 191
13-19	125%	5,959.00kr	€ 530	50% (175%)	2,387.00kr	€ 212,28
<i>Placement in emergency care (contracted on-call homes)</i>						
1-2 places	25%	1,194.00kr	€ 106.18	According to recommendations for cost allowances for each age		
3-4 places	50%	2,388.00kr	€ 212.36			
<i>Contact family or support family (per day)</i>						
0-12	105%	165.00kr	€ 14.67	45% (150%)	70.00kr	€ 20.90
13-19	120%	188.00kr	€ 16.72	50% (170 %)	79.00kr	€ 23.75

COMPARATIVE ANALYSIS - ALLOWANCE

COVERING THE COSTS OF RAISING A CHILD IN FOSTER CARE

- Ireland, the Netherlands and Sweden have different definitions of what the basic amount is expected to cover.
- The Netherlands and Sweden grant a supplemental allowance but under different conditions and with different methodologies for determining the amount.
- Initial placement costs are handled as extraordinary costs in the Netherlands and Sweden but are not considered separately from the foster care allowance in Ireland.
- Additional costs stemming from the specific needs of children with disabilities or children with behavioural problems are covered through an increase of the basic allowance in the Netherlands and Sweden.
- Among the four countries, Ireland has the most comprehensive package of support for young adults leaving care.

COMPARATIVE ANALYSIS - COMPENSATION

- Except for “family home” parents in the Netherlands, all foster parents in Ireland and the Netherlands are regarded as volunteers.
- **All foster parents in Sweden receive compensation** for their foster care work.

	Fees		Example of increased fee, incl. base fee					
	Swedish Krona	Euro	Swedish Krona	Euro	Swedish Krona	Euro	Swedish Krona	Euro
<i>Fee for family home parent (per month)</i>								
0-19	11,417kr	€ 1,015.33	13,342kr	€ 1,186.52	15,281kr	€ 1,358.95	17,351kr	€ 1,543.04
<i>Fee for on-call home parent (emergency care)</i>								
1 place	17,531kr	€ 1,550.05	n/a					
2 places	23,956kr	€ 2,130.43	n/a					
3-4 places	32,005kr	€ 2,846.24	n/a					
<i>Fee for contact family or support family parent (per day)</i>								
0-12	228kr	€ 20.27	365kr	€ 32.45	513kr	€ 45.62	n/a	
13-19	297kr	€ 26.41	433kr	€ 38.50	513kr	€ 45.62	n/a	



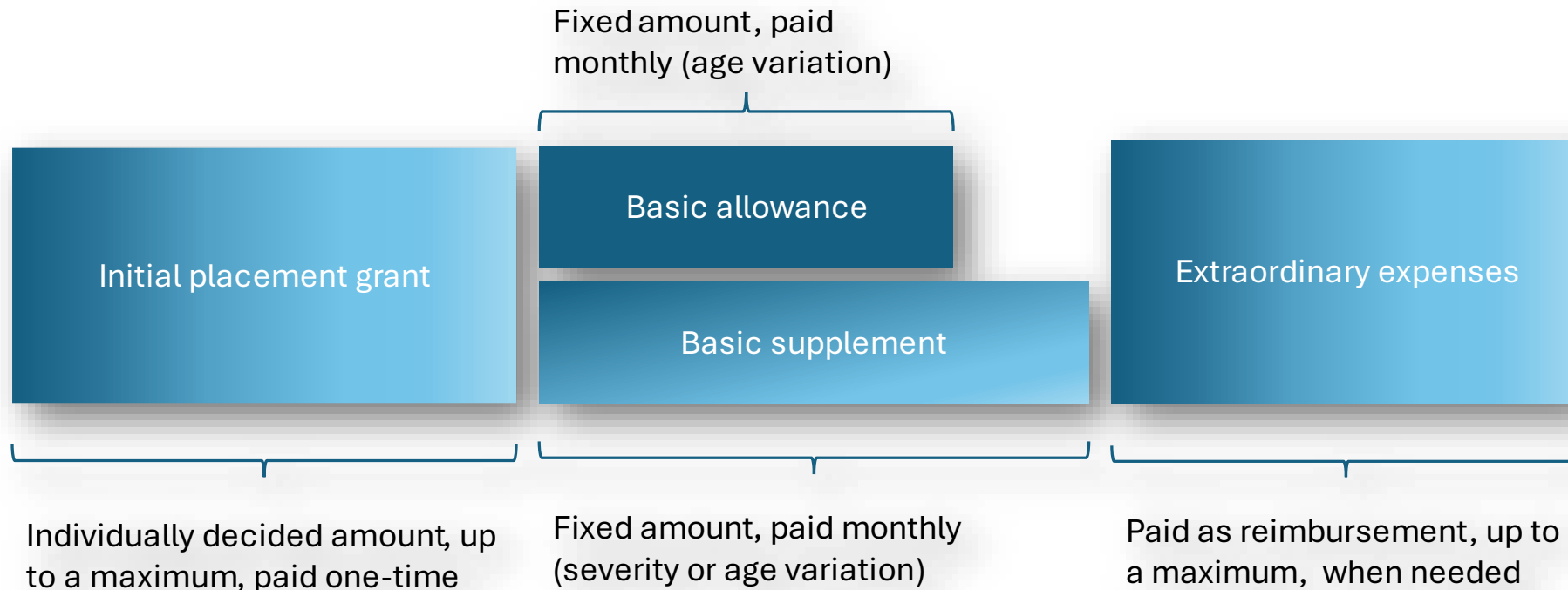
Recommendation 1

Restructuring the foster care allowance

RECOMMENDATION #1

RESTRUCTURING THE FOSTER CARE ALLOWANCE

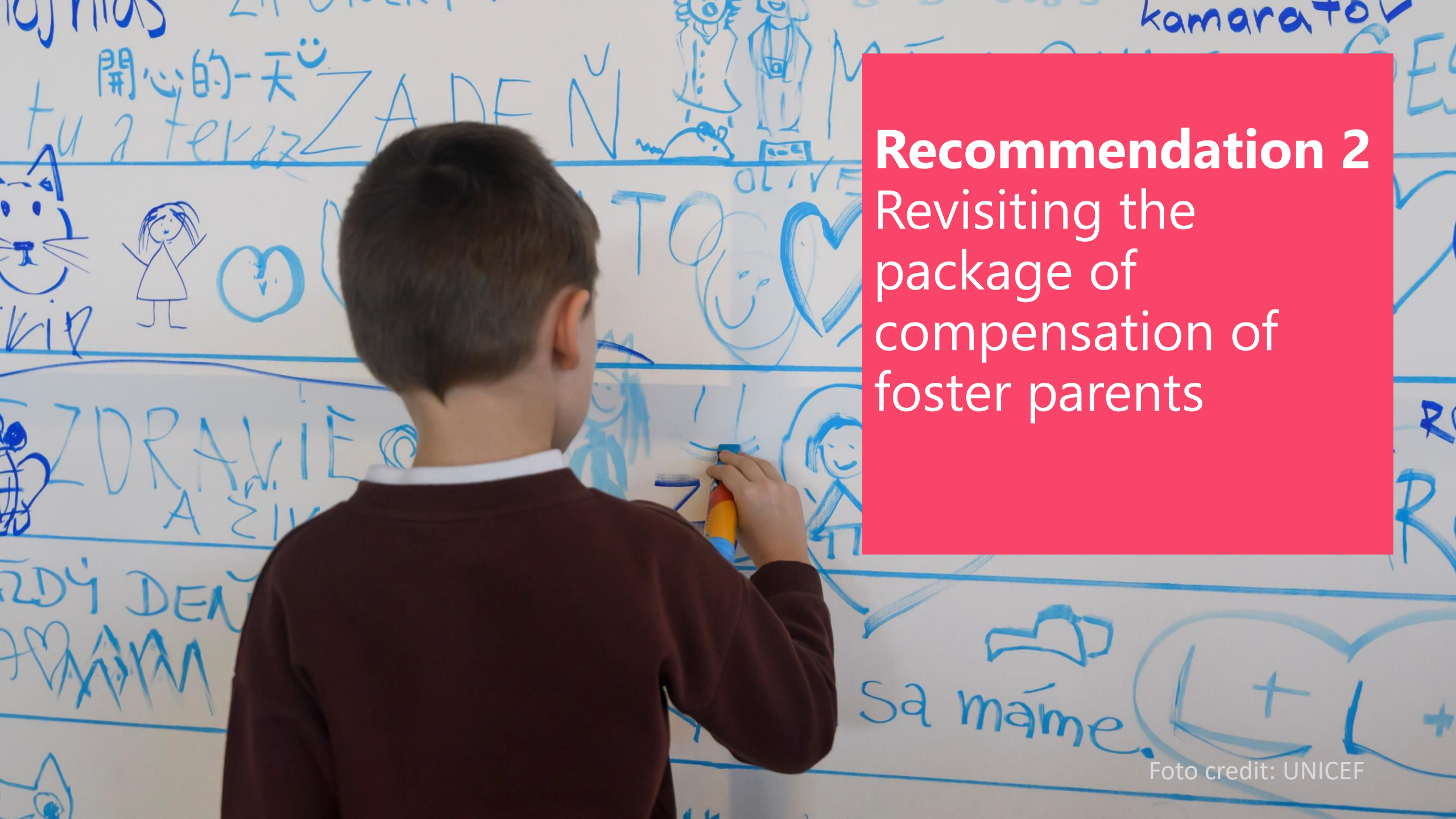
- **Divide the foster care allowance into separate components** to address different categories of expenses, throughout the duration of the placement.



RECOMMENDATION #1

RESTRUCTURING THE FOSTER CARE ALLOWANCE

- Adjust the level of the new **basic allowance** to be able to cover the basic needs of children across all age groups and also in a moderate-but-adequate scenario.
- Define a maximum amount for the **basic supplement** that adequately addresses the high additional costs of those categories of children with specific needs.
- Define a maximum amount for the **initial placement grant** and, to the extent possible, define the goods and services which it can cover.
- Define an upper limit for the **reimbursement of extraordinary costs** and streamline the process of reimbursement.




Recommendation 2
Revisiting the
package of
compensation of
foster parents

RECOMMENDATION #2

REVISITING THE PACKAGE OF COMPENSATION FOR FOSTER PARENTS

- **Adjust upwards the compensation fees** for all foster parents, especially traditional and standard foster parents, and create visibility into the rationale behind the different levels of compensation.
- Allow for **flexible working arrangements** for professional foster parents, similar with those available for caregiving parents or caregiver.
- Define and introduce different forms of short term or part-time foster care (including **respite care**).
- **Extend the package of support for kinship foster parents** and traditional foster parents to include compensation fee, sick leave, annual leave and respite care.
- Strengthen the availability and quality of support services for foster parents by ensuring they are continuously available and easily accessible.



Recommendation 3
Strengthening the
foster care system

Foto credit: UNICEF

RECOMMENDATION #3

STRENGTHENING THE FOSTER CARE SYSTEM

- Create visibility into the process of determining the benefit levels in the foster care system through a **clear and transparent methodology**.
- Develop **indexation method** for the periodic revision of benefits in the foster care system.
- Invest in the continuous development of the social welfare workforce, as key actors across the foster care system.
- Invest in the continuous development of community-based services.

FINAL THOUGHTS

LESSONS RELEVANT BEYOND CROATIA

There is **no agreed-upon set of methodological approaches** to measure the adequacy of allowances and compensation.

How benefits and allowances are determined is often **insufficiently transparent or evidence-based**.

Foster care in Europe and beyond would benefit from:

- **Better guidelines and standards** on setting foster care allowances and compensation.
- **More research** on the adequacy of foster care allowances and compensation in Europe.

With this study, and following reform, Croatia has the potential to be a **guiding country** in shifting to a more evidence-based, adequate system of support for foster parents.