

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HB 151
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB151-DHSS-FCBR-03-10-17
Title: DHSS;CINA; FOSTER CARE; CHILD PROTECTION
Sponsor: GARA
Requester: House HSS

Department: Department of Health and Social Services
Appropriation: Children's Services
Allocation: Foster Care Base Rate
OMB Component Number: 2236

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	(1,200.0)		(1,200.0)	(1,200.0)	(1,200.0)	(1,200.0)	(1,200.0)
Miscellaneous							
Total Operating	(1,200.0)	0.0	(1,200.0)	(1,200.0)	(1,200.0)	(1,200.0)	(1,200.0)

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	(1,200.0)		(1,200.0)	(1,200.0)	(1,200.0)	(1,200.0)	(1,200.0)
Total	(1,200.0)	0.0	(1,200.0)	(1,200.0)	(1,200.0)	(1,200.0)	(1,200.0)

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? n/a

Why this fiscal note differs from previous version:

Not applicable; initial version.

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Division: <u>Office of Children's Services</u>	Date: <u>03/10/2017 06:00 PM</u>
Approved By: <u>Shawnda O'Brien, Asst. Commissioner</u>	Date: <u>03/10/17</u>
Agency: <u>Health and Social Services</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. HB151

Analysis

Section 2 amends AS 25.23.210(b), *Amount and duration of subsidy payments*, extending adoption and guardianship subsidy benefits for children for three additional years, from age 18 up to a child's 21st birthday.

Title IV-E has an option to extend Title IV-E federal payments to children through their 21st birthday; however that extension must apply to all Title IV-E programs that include foster care, adoption, and guardianship.

Foster care subsidies for foster youth age 18 and up to their 21st birthday are currently paid with Office of Children's Services general funds. The state does not currently roll this age group into its Title IV-E federal claiming, as it would inadvertently affect the Title IV-E penetration rate, reducing the federal reimbursement.

By extending subsidy payments for foster youth up to their 21 birthdays, this legislation would alter the division's federal claiming calculations. When the foster youth are added to the eligibility universe for all children in foster care, it is anticipated that there will be a loss of about 2% percent in the eligibility penetration rate (due to a 'dilution effect' in the math), which will lead to a loss of \$1,200.0 in federal revenue across the division.

Based on the most recent reporting fiscal year quarter 12/31/2016, approximately 80 youth were in the foster care population and receiving services from the Office of Children's Services through General Fund dollars. We do not claim Title IV-E for these youth due to the precise requirements they must meet to qualify as noted below. It is fiscally not beneficial for Alaska to include them in the IV-E population. With the expansion up to the 21st birthday for subsidies, these 80 youth would have to be newly included in the formula and they would reduce our overall federal reimbursement for the entire population.

On 12/31/2016 the unduplicated number of children in foster care that received a Title IV-E eligible and reimbursable foster care payment was 1,574 and the total population was 2,351. To come up with the penetration rate we must take 1,574 divided by 2,351 = 66.95%. If we were to extend the subsidy program to the 21st birthday, approximately 80 children would be added to the denominator of the federal claiming formula, which would result in an approximate 2% percent reduction in the penetration rate overall, which is applied to our total administrative costs across the board.

$1,574/2,351 = 66.95\%$ current federal reimbursement rate

$1,574/(2,351 + 80 \text{ additional youth}) = 64.75\%$ revised federal reimbursement rate

$66.95\% - 64.75\% = (2.2\%)$

Note: The following must be verified at least annually for the department to continue to claim Title IV-E funding for the individual child:

- 1) Completing secondary education or a program leading to an equivalent credential;
- 2) Enrolled in an institution which provides postsecondary or vocational training;
- 3) Participating in a program or activity designed to promote, or remove barriers to, employment;
- 4) Employed at least 80 hours per month; or
- 5) Incapable of doing any of the activities described in sub-clauses (1-4) due to a medical condition, which incapability is supported by regulation updated information in the case plan of the child.

The number of youth the department doesn't claim Title IV-E for foster care is expected to remain fairly static, hence the 2% percent reduction in the penetration rate would likely not change significantly over time.