

# Fiscal Note

State of Alaska  
2017 Legislative Session

Bill Version: HB 10  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB010-DHSS-FLSW-03-31-17  
Title: CHILD IN NEED OF AID/PROTECTION; DUTIES  
Sponsor: WILSON  
Requester: House HSS

Department: Department of Health and Social Services  
Appropriation: Children's Services  
Allocation: Front Line Social Workers  
OMB Component Number: 2305

## Expenditures/Revenues

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

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates					
			FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>								
Personal Services	2,512.9		5,025.8	7,538.7	7,538.7	7,538.7	7,538.7	7,538.7
Travel	80.0		160.0	224.0	224.0	224.0	224.0	224.0
Services	246.4		492.8	739.2	739.2	739.2	739.2	739.2
Commodities	190.4		201.6	212.8	33.6	33.6	33.6	33.6
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>3,029.7</b>	<b>0.0</b>	<b>5,880.2</b>	<b>8,714.7</b>	<b>8,535.5</b>	<b>8,535.5</b>	<b>8,535.5</b>	<b>8,535.5</b>

## Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	(1,090.7)		(2,199.2)	(4,217.9)	(4,882.3)	(5,343.2)	(5,855.4)
1004 Gen Fund (UGF)	4,120.4		8,079.4	12,932.6	13,417.8	13,878.7	14,390.9
<b>Total</b>	<b>3,029.7</b>	<b>0.0</b>	<b>5,880.2</b>	<b>8,714.7</b>	<b>8,535.5</b>	<b>8,535.5</b>	<b>8,535.5</b>

## Positions

Full-time	28.0		56.0	84.0	84.0	84.0	84.0
Part-time							
Temporary							

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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If yes, by what date are the regulations to be adopted, amended or repealed?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.

Prepared By: <u>Christy Lawton, Director</u>	Phone: <u>(907)465-3170</u>
Division: <u>Office of Children's Services</u>	Date: <u>03/29/2017 01:00 PM</u>
Approved By: <u>Shawnda O'Brien, Asst. Commissioner</u>	Date: <u>03/31/17</u>
Agency: <u>Health and Social Services</u>	

FISCAL NOTE ANALYSIS

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Analysis

Section 26 relates to AS 47.10.142(f) and specifies the duration of temporary placement to “not exceed 30 days.” This would substantially increase the amount of court orders required to determine Title IV-E eligibility beyond the scope of what the current staffing level could manage. An increase in staff, including Eligibility Technicians, would be necessary to manage the 30-day court orders and make the eligibility determinations accordingly.

qty	title	BU	range	location	salary & benefits	TOTAL
3	Eligibility Technician II	GP	14	Anchorage / Wasilla	\$ 80.5	\$ 241.5

Sections 1,7,9,13,14, 15, 16, 17, 18, 19, 20, 30, 39, 42, 43, 44 of the proposed legislation change all “reasonable efforts” to “active efforts,” requiring that the worker take the parents through all steps of the case planning with “remedial services and rehabilitative programs.” The recommended language jeopardizes federal funding under Title IV-E, which in this component matches general fund expenditures at an average rate of 25 percent. The financial burden to the division, notwithstanding the potential loss of federal match funds, is significant.

While staffing is not specifically addressed in the bill, with this proposed legislation, the division anticipates a necessary increase of Protective Service Specialist positions due to the increased case requirements to meet the "active efforts" standard. These positions would be required to maintain reasonable workloads to achieve the higher standard of “active efforts” findings as required in this legislation. In order to have the best chance at achieving that standard, the division would need to ensure caseloads are on average no more than 12 families per worker, which falls in line with national caseload recommendations. To ensure "active efforts" can be achieved, optimal staffing ratios across all key job classes are necessary to ensure the caseworker has the supervision, support and resources to meet the higher standard of required effort. Providing for optimal staffing levels within the Protective Service Specialist, Social Services Associate, and Office Assistant job classifications will help ensure "active efforts" standards are met, such that Alaska can receive the necessary federal revenue versus relying on state general funds in any case where "active efforts" findings are not granted.

This equates to 46 Protective Services Specialists I/II, along with the proper supervisory and support staff with ratios identified as necessary in a 2008/2012 Hornby, Zeller and Associates workload reports (one Protective Services Specialist IV for every five Protective Services Specialist I/II, one Social Services Associate II for every four Protective Services Specialist I/II, and one Office Assistant II for every 3.7 Protective Services Specialist I/II), including alignment with existing positions.

qty	title	BU	range	location	salary & benefits	TOTAL
30	Protective Services Specialist I/II	GP	15/17	Anchorage / Wasilla	\$ 94.9	\$ 2,847.0
10	Protective Services Specialist I/II	GP	15/17	Fairbanks	\$ 97.2	\$ 972.0
6	Protective Services Specialist I/II	GP	15/17	Juneau	\$ 98.8	\$ 592.8
6	Social Services Associate II	GP	12	Anchorage / Wasilla	\$ 72.1	\$ 432.6
6	Social Services Associate II	GP	12	Fairbanks	\$ 74.3	\$ 445.8
1	Social Services Associate II	GP	12	Juneau	\$ 75.3	\$ 75.3
5	Office Assistant II	GP	10	Wasilla	\$ 65.8	\$ 329.0
5	Office Assistant II	GP	10	Fairbanks	\$ 67.3	\$ 336.5
3	Office Assistant II	GP	10	Juneau	\$ 68.7	\$ 206.1
4	Protective Services Specialist IV	SU	20	Wasilla	\$ 115.9	\$ 463.6
4	Protective Services Specialist IV	SU	20	Fairbanks	\$ 118.9	\$ 475.6
1	Protective Services Specialist IV	SU	20	Juneau	\$ 120.9	\$ 120.9

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Analysis Continued

Personal Services

**FY2018 - \$2,512.9 for 28 staff, FY2019 - \$5,025.8 for 56 staff), FY2020 forward - \$7,538.7 for 84 staff**

Travel

The division's current training occurs through the University of Alaska Anchorage, Child Welfare Academy, over a period of three weeks in Anchorage. Training is provided for Protective Services Specialist and Social Services Associate classifications. Staff assigned to locations outside of Anchorage will incur airfare, lodging, and per diem costs for travel. Client related travel would likely increase as well.

**FY2018 - \$80.0 (10 staff x \$8.0), FY2019 - \$160.0 (20 staff x \$8.0), FY2020 forward - \$224.0 (28 staff x \$8.0)**

Services

Leased space, IT, telecommunications, phones, utilities

**FY2018 - \$246.4 (28 staff x \$8.8), FY2019 - \$492.8 (56 staff x \$8.8), FY2020 forward - \$739.2 (84 staff x \$8.8)**

Commodities

General office supplies, share of a multi-function printer, filing, and network

**FY2018 - \$11.2 (28 staff x \$0.4), FY2019 - \$22.4 (56 staff x \$0.4), FY2020 forward - \$33.6 (84 staff x \$0.4)**

One Time Office Set Up

Workstation, furniture, computer, software, phone, and printer

**FY2018, FY2019, FY2020 - \$179.2 one-time (28 staff x \$6.4) each year.**

Sections 24, 25, 36, 37, 41 and 49 eliminate the federally required judicial finding that it is "contrary to the welfare" of the minor to remain in the home. Removal of this finding eliminates the ability of the division to access Title IV-E funding for any children who enter custody of the state. Currently, there are over 3,000 children in the Title IV-E adoption and guardianship assistance programs. Subsidies for the children determined Title IV-E eligible prior to this law going into effect will continue to be eligible for the federal share of their subsidy payment for the entire duration of their agreement. No children entering the foster care, adoption or guardian programs after this law takes effect will be eligible for federal funds. As a result, the division's federal claiming will decrease each year as the existing Title IV-E population ages out of the program, eventually resulting in \$0.0 of Title IV-E revenue.

Based upon recent removal to discharge ratios, the division estimates that in the first year the foster care penetration rate would slowly stagger down from 66.5% to 46.3%, and then decrease to averages of 46.1%, 25.2%, 11.5% and finally 0.0% by FY2022 and all subsequent years. From FY2022 forward, the division will no longer receive any Title IV-E foster care revenue; the federal revenue received will be based upon the subsidy agreements in place prior to this law taking effect. These numbers take into consideration the expectation that the division will remove fewer children from home each year. For the Front Line Social Workers component, the average federal recovery is currently 34.53 percent, or \$19,076.1.

The division estimated the loss of federal claiming based on the expected penetration rate and its effect on the average federal recovery rates for each budgetary component, as eligible children drop out of the program and non-eligible children enter.

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Analysis Continued

Below is the fiscal impact to the component's proposed FY2018 budget.

Front Line Social Workers - HB010 Impact on Federal Revenue				
FY	FY2018 Proposed Budget	Average Federal Recovery Rate	Estimated Federal Portion	Estimated Reduction of Federal Revenue w/ HB010
2018 - Current	\$55,250.00	34.5%	\$ 19,061.3	
2018	\$ 55,250.40	32.0%	\$ 17,680.1	\$ 1,381.1
2019	\$ 55,250.40	31.3%	\$ 17,293.4	\$ 1,767.9
2020	\$ 55,250.40	25.8%	\$ 14,254.6	\$ 4,806.6
2021	\$ 55,250.40	21.4%	\$ 11,823.6	\$ 7,237.7
2022	\$ 55,250.40	18.7%	\$ 10,331.8	\$ 8,729.4
2023	\$ 55,250.40	15.7%	\$ 8,674.3	\$ 10,386.9

The estimated loss in federal portion is determined by reducing the estimated federal portion for each year from the "2018 - Current" estimated federal portion. Any loss in the federal portion would increase the need for general fund expenditures.

The same average federal recovery rate is applied to the new positions' personal services and support costs discussed above, and then adjusted by the estimated reduction in base budget federal revenues to generate the component's total fiscal impact.

Total Cost of NEW FLSW Positions Required for "Active" Efforts

	FY2018 Total Cost of New Positions	Average Federal Recovery Rate	Estimated Federal Portion of New Cost	Balance = Estimated GF Portion of New Cost	Estimated Reduction of FLSW Base Budget From Above	Adjusted Estimated Federal Portion of New Cost	Adjusted Estimated GF Portion of New Cost
2018 - Current	\$ 3,029.7	34.5%	\$ 1,045.25	\$ 1,984.45			
2018	\$ 3,029.7	32.0%	\$ 969.50	\$ 2,060.20	\$ 1,381.1	\$ (1,090.7)	\$ 4,120.4
2019	\$ 5,880.2	31.3%	\$ 1,840.50	\$ 4,039.70	\$ 1,767.9	\$ (2,199.2)	\$ 8,079.4
2020	\$ 8,714.7	25.8%	\$ 2,248.39	\$ 6,466.31	\$ 4,806.6	\$ (4,217.9)	\$ 12,932.6
2021	\$ 8,535.5	21.4%	\$ 1,826.60	\$ 6,708.90	\$ 7,237.7	\$ (4,882.3)	\$ 13,417.8
2022	\$ 8,535.5	18.7%	\$ 1,596.14	\$ 6,939.36	\$ 8,729.4	\$ (5,343.2)	\$ 13,878.7
2023	\$ 8,535.5	15.7%	\$ 1,340.07	\$ 7,195.43	\$ 10,386.9	\$ (5,855.4)	\$ 14,390.9