

Fiscal Note

State of Alaska
2017 Legislative Session

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

Identifier: HB010-DHSS-FP-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: Family Preservation
OMB Component Number: 1628

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 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	(215.6)		(431.1)	(653.9)	(812.0)	(1,243.1)	(1,747.5)
1004 Gen Fund (UGF)	215.6		431.1	653.9	812.0	1,243.1	1,747.5
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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If yes, by what date are the regulations to be adopted, amended or repealed?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

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

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. HB010

Analysis

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 guardianship 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%, 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.

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.

Family Preservation - HB010 Impact to Federal Revenue

FY	FY2018 Proposed Budget	Average Federal Recovery Rate	Estimated Federal Portion	Estimated Reduction of Federal Revenue w/ HB010
2018 - Current	\$ 14,371.0	18.16%	\$ 2,609.8	
2018	\$ 14,371.0	16.66%	\$ 2,394.2	\$ 215.6
2019	\$ 14,371.0	15.16%	\$ 2,178.6	\$ 431.1
2020	\$ 14,371.0	13.61%	\$ 1,955.9	\$ 653.9
2021	\$ 14,371.0	12.51%	\$ 1,797.8	\$ 812.0
2022	\$ 14,371.0	9.51%	\$ 1,366.7	\$ 1,243.1
2023	\$ 14,371.0	6.00%	\$ 862.3	\$ 1,747.5

The estimated reduction to federal revenue is determined by reducing the estimated federal portion for each year from the "2018 - Current" estimated federal portion.

HB010, as written, will have an impact on reciprocal services agreements, grants, and contracts that are funded in whole, or in part, and provide direct services to children and families. These services are funded through Title IV-E dollars; with the proposed elimination of "contrary to the welfare" findings noted in sections 24, 25,36, 37, 41, 49 these federal funds will reduce to zero by year five. Thus, funding to continue these services will require general fund dollars.

1) Title IV-E pass-through funding for the Department of Law will gradually reduce due to the penetration rate reductions. The reciprocal services agreement currently funded through Title IV-E will need to be funded through general fund dollars. This reciprocal services agreement assists Office of Children's Services with legal services. (\$2,000.0)

FISCAL NOTE ANALYSIS

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Analysis Continued

2) Foster and Adoptive Training and Support for statewide training to all OCS foster parents, relative caregivers and adoptive or guardianship families will be reduced by the reduction/loss of the federal funding due to the decrease in the eligibility penetration rate so that by year 5 will require that 100% general fund dollars will be needed for this grant. (\$680.0)

3) Services for Adoption Support provides post-adoption support services through federal Title IV-E funding. The reduction of the eligibility penetration rate due the elimination of "contrary to the welfare" findings will mean this funding will need to be through general fund dollars. (\$250.0)

Tribal Title IV-E pass-through administrative and maintenance funding that assists Tribes with supporting children in Tribal child welfare services in the amount of \$1,000.0 will also be affected if HB010 is adopted. The Tribes would incur the loss of the federal portion, not the Department.