

Fiscal Note

State of Alaska
2017 Legislative Session

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

Identifier: HB010-DHSS-CST-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: Children's Services Training
OMB Component Number: 2667

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				
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services							
Travel							
Services	261.3		522.7	784.0	784.0	784.0	784.0
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	261.3	0.0	522.7	784.0	784.0	784.0	784.0

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	(61.0)		(202.0)	(353.2)	(530.8)	(598.2)	(634.3)
1004 Gen Fund (UGF)	322.3		724.7	1,137.2	1,314.8	1,382.2	1,418.3
Total	261.3	0.0	522.7	784.0	784.0	784.0	784.0

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If yes, by what date are the regulations to be adopted, amended or repealed?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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Agency: Health and Social Services

Phone: (907)465-3170
Date: 03/29/2017 01:00 PM
Date: 03/31/17

FISCAL NOTE ANALYSIS

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Analysis

Sections 9, 10, 29, 39, 40, 46 address changes from "reasonable efforts" findings to "active efforts" findings by the courts. This change from "reasonable" to "active efforts" will require more caseworkers to achieve, as reflected in the Front Line Social Worker component. These additional staff will require new worker training in their first year of employment. The multiple week training is offered through University of Alaska Anchorage, Child Welfare Academy. New staff that live and work outside of Anchorage (30 – 40 percent) would require funds for travel to the training including airfare, lodging, ground transportation, and per diem. (The travel associated with training is included in the Front Line Social Workers fiscal note).

It is anticipated that the division would bring on 28 staff in 2018, 28 staff in 2019 and 28 staff in 2020. Additional training costs would be \$784.0. The division projected one third of that cost in the first year, two thirds in the second year and a total of \$784.0 2020 and forward. See chart on page 3 of the fiscal note.

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%, 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.

Children's Services Training- 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	\$ 1,427.2	45.7%	\$ 651.5	
2018	\$ 1,427.2	44.1%	\$ 475.3	\$ 176.3
2019	\$ 1,427.2	33.3%	\$ 275.4	\$ 376.1
2020	\$ 1,427.2	19.3%	\$ 147.0	\$ 504.5
2021	\$ 1,427.2	10.3%	\$ 40.0	\$ 611.6
2022	\$ 1,427.2	2.8%	\$ 31.4	\$ 620.1
2023	\$ 1,427.2	2.2%	\$ -	\$ 651.5

The estimated loss in the 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

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Analysis Continued

The same average federal recovery rate is applied to the additional training costs discussed above ,and then adjusted by the estimated reduction in base nudget federal revenues to generate the component's total fiscal impact.

Cost of Training for New Staff							
	<i>FY2018 est cost of training</i>	<i>avg fed recovery rate</i>	<i>est fed portion of new cost</i>	<i>balance = est GF portion of new cost</i>	<i>est reduction of CST base budget from above</i>	<i>adjusted est fed portion of new cost</i>	<i>adjusted est GF portion of new cost</i>
2018 - current	\$ 261.3	45.7%	\$ 119.4	\$ 141.9			
2018	\$ 261.3	44.1%	\$ 115.2	\$ 146.1	\$ 176.3	\$ (61.1)	\$ 322.4
2019	\$ 522.7	33.3%	\$ 174.1	\$ 348.6	\$ 376.1	\$ (202.0)	\$ 724.7
2020	\$ 784.0	19.3%	\$ 151.3	\$ 632.7	\$ 504.5	\$ (353.2)	\$ 1,137.2
2021	\$ 784.0	10.3%	\$ 80.8	\$ 703.2	\$ 611.6	\$ (530.8)	\$ 1,314.8
2022	\$ 784.0	2.8%	\$ 22.0	\$ 762.0	\$ 620.1	\$ (598.1)	\$ 1,382.1
2023	\$ 784.0	2.2%	\$ 17.2	\$ 766.8	\$ 651.5	\$ (634.3)	\$ 1,418.3