

Fiscal Note

State of Alaska
2017 Legislative Session

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

Identifier: HB010-DHSS-FCSN-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: Foster Care Special Need
OMB Component Number: 2238

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						
Personal Services								
Travel								
Services	2,281.2		2,281.2	2,281.2	2,281.2	2,281.2	2,281.2	2,281.2
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	2,281.2	0.0	2,281.2	2,281.2	2,281.2	2,281.2	2,281.2	2,281.2

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	54.5		26.7	(14.7)	(36.5)	(337.3)	(337.3)
1004 Gen Fund (UGF)	2,226.7		2,254.5	2,295.9	2,317.7	2,618.5	2,618.5
Total	2,281.2	0.0	2,281.2	2,281.2	2,281.2	2,281.2	2,281.2

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If yes, by what date are the regulations to be adopted, amended or repealed?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: Christy Lawton, Director Phone: (907)465-3170
Division: Office of Children's Services Date: 03/29/2017 01:00 PM
Approved By: Shawnda O'Brien, Asst. Commissioner Date: 03/31/17
Agency: Health and Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

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Analysis

Section 16 addresses termination of parental rights and may cause the financial consequence of a longer stay of care, for the child which would result in an indeterminate amount of necessary Foster Care Special Need payments while children remain in custody.

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.

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.

Foster Care Special Need - 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	\$ 11,711.3	2.9%	\$ 337.3	
2018	\$ 11,711.3	2.8%	\$ 327.9	\$ 9.4
2019	\$ 11,711.3	2.6%	\$ 304.5	\$ 32.8
2020	\$ 11,711.3	2.3%	\$ 269.4	\$ 67.9
2021	\$ 11,711.3	2.2%	\$ 251.8	\$ 85.5
2022	\$ 11,711.3	0.0%	\$ -	\$ 337.3
2023	\$ 11,711.3	0.0%	\$ -	\$ 337.3

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

Sections 11, 18, 25, 28, 33, 34, 36, 37, 41, 48, and 49 change the requirement for an expert witness for the removal of a child. The division has identified costs associated with retaining expert witnesses. The average witness fee is \$600.00, and it is estimated that there would be a necessity for two expert witnesses per child per year.

FISCAL NOTE ANALYSIS

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Analysis Continued

The same average federal recovery rate is applied to the component's new witness fee expenditures discussed above, and then adjusted by subtracting the above federal reduction to the current budget.

\$600.00 witness fee x 2 per year x 1,901 open cases = \$2,281.2

	<i>FY2018 est expert witness new cost</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 FCSN 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	\$ 2,281.2	2.9%	\$ 65.7	\$ 2,215.5			
2018	\$ 2,281.2	2.8%	\$ 63.9	\$ 2,217.3	\$ 9.4	\$ 54.5	\$ 2,226.7
2019	\$ 2,281.2	2.6%	\$ 59.5	\$ 2,221.7	\$ 32.8	\$ 26.7	\$ 2,254.5
2020	\$ 2,281.2	2.3%	\$ 53.2	\$ 2,228.0	\$ 67.9	\$ (14.7)	\$ 2,295.9
2021	\$ 2,281.2	2.2%	\$ 49.0	\$ 2,232.2	\$ 85.5	\$ (36.5)	\$ 2,317.7
2022	\$ 2,281.2	0.0%	\$ -	\$ 2,281.2	\$ 337.3	\$ (337.3)	\$ 2,618.5
2023	\$ 2,281.2	0.0%	\$ -	\$ 2,281.2	\$ 337.3	\$ (337.3)	\$ 2,618.5

Any loss in federal revenue would increase the need for general fund expenditures.