

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	CSHB 151(HSS)
Fiscal Note Number:	2
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Identifier: HB151-DHSS-FP-03-20-17
 Title: DHSS;CINA; FOSTER CARE; CHILD PROTECTION
 Sponsor: GARA
 Requester: House HSS

Department: Department of Health and Social Services
 Appropriation: Children's Services
 Allocation: 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 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							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	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 If yes, by what date are the regulations to be adopted, amended or repealed?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.

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Division:	Office of Children's Services	Date:	03/20/2017 01:00 PM
Approved By:	Shawnda O'Brien, Asst. Commissioner	Date:	03/20/17
Agency:	Health and Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

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. By extending subsidy payments for foster youth up to their 21st 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 two percent in the eligibility penetration rate (due to a 'dilution effect' in the math).

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. The Division does 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 foster care administrative payment was 1,574 and the total population was 2,351 (eligible and reimbursable AND the eligible and not reimbursable). To come up with the penetration rate the Division must take 1,574 divided by 2,351 = 66.95 percent. If the Division 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 two percent reduction in the penetration rate overall, which is applied to our total administrative costs.

1,574/2,351 = 66.95 percent current federal reimbursement rate
 1,574/(2,351 + 80 additional youth) = 64.75 percent revised federal reimbursement rate
 66.95 percent - 64.75 percent = 2.2 percent

The component's federal authority is impacted in two other ways. The component passes through Title IV-E funding to 11 Tribal organizations and the Dept. Law, in an amount based on a combination of the division's penetration rate and the Tribes' or Law's eligible expenditures:

These Tribes have a Tribal-State agreement that provides for the pass through of federal Title IV-E funding for administration and training related to child welfare services in their community; in addition these tribes provide case management support to children in state custody. A reduction in the penetration rate would decrease the Title IV-E reimbursement passed through to the Tribes, resulting in a reduction of services to the children and families in their community. The reimbursement amount the division claims, collects and pays out is based upon the Tribes' eligible expenditures and the division does not have the ability to project that amount; however, currently the division passes through an annual average of \$1,200.0 to these Tribes, collectively.

In addition, pass through of Title IV-E federal funds in the amount of \$2,000.0 to the Department of Law, Child Protection Unit (which represents the state in Child in Need of Aid Hearings) would also be negatively impacted by the estimated penetration rate reduction. The Department of Law plays an important role in assisting the Office of Children's Services achieve their mission of protecting the health and safety of children and achieving timely permanency for these children. Again, the reimbursement amount the division claims, collects and pays out is based upon Law's eligible expenditures and the division does not have the ability to project that amount

Due to these pass through arrangements and fluctuating eligible costs for the Tribes and Law, the overall fiscal impact of this legislation to the Family Preservation component is indeterminate.