

# Fiscal Note

State of Alaska  
2017 Legislative Session

Bill Version:	CSHB 151(HSS)
Fiscal Note Number:	4
(H) Publish Date:	3/24/2017

Identifier: HB151-DHSS-FCSN-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: 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 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>OPERATING EXPENDITURES</b>	<b>FY 2018</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</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>

## Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	(12.0)		(12.0)	(12.0)	(12.0)	(12.0)	(12.0)
1004 Gen Fund (UGF)	12.0		12.0	12.0	12.0	12.0	12.0
<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>

## Positions

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 If yes, by what date are the regulations to be adopted, amended or repealed?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

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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

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## 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.

Title IV-E has an option to extend Title IV-E federal payments to children through their 21st birthday; however that extension must apply to all Title IV-E programs that include foster care, adoption, and guardianship.

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), which will lead to a loss of \$1,200.0 in federal revenue across the Division. (It is estimated that every 1 percent decrease in the penetration rate decreases federal revenue by \$600.0.) To determine the impact to the Foster Care Special Needs component, the Department took an average percentage of cost allocated federal revenue based on FY2016 allocated expenditures (1 percent x \$1,200.0 = \$12.0 loss in federal revenue for the Foster Care Special Needs component).

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 not a fiscal advantage for Alaska to include them in the IV-E population due to the requirements for Title IV-E eligibility. With the expansion up to the 21<sup>st</sup> 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 21<sup>st</sup> 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 across the board:

- 1) Completing secondary education or a program leading to an equivalent credential;
- 2) Enrolled in an institution which provides postsecondary or vocational training;
- 3) Participating in a program or activity designed to promote, or remove barriers to, employment;
- 4) Employed at least 80 hours per month; or
- 5) Incapable of doing any of the activities described in sub-clauses (1-4) due to a medical condition, which incapability is supported by regulation updated information in the case plan of the child.

HB151 may affect how Temporary Assistance for Need Family (TANF) funds are spent, however it will not affect the total amount spent.

The number of youth the Division does not claim in its Title IV-E for foster care population is expected to remain fairly static hence the two percent reduction in the penetration rate would likely not change significantly over time as a result of this legislation.