

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	CSHB 151(HSS)
Fiscal Note Number:	5
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Identifier: HB151-DHSS-CMS-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: Children's Services Management
 OMB Component Number: 2666

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					
			FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services	326.3		326.3	326.3	326.3	326.3	326.3	326.3
Travel	12.0		12.0	12.0	12.0	12.0	12.0	12.0
Services	4.0		4.0	4.0	4.0	4.0	4.0	4.0
Commodities	25.6							
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	367.9	0.0	342.3	342.3	342.3	342.3	342.3	342.3

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	(23.6)		(32.8)	(32.8)	(32.8)	(32.8)	(32.8)	(32.8)
1004 Gen Fund (UGF)	391.5		375.1	375.1	375.1	375.1	375.1	375.1
Total	367.9	0.0	342.3	342.3	342.3	342.3	342.3	342.3

Positions

Full-time	4.0		4.0	4.0	4.0	4.0	4.0	4.0
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	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 If yes, by what date are the regulations to be adopted, amended or repealed?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:

Previous fiscal note showed \$1,200.0 (2 percent federal) reduction in the Foster Care Base Rate fiscal note. The \$1,200 is now spread across the components based on FY2016 allocated expenditures per component. For this component \$156.0 federal was offset by \$156.0 general fund. (\$1,200.0 x 13 percent). Further explanation in regard to requested staffing.

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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.

As of February 2017, there are 3,454 children in the Adoption and Guardianship program. On average 300 children discharge annually from the program upon attaining age 18; continuing subsidy benefits up to the child's 21st birthday will add an estimated 900 children phased in the initial three years (300 in the first year, 300 in the second year and 300 in the 3rd year as children age into the extension program), or 26% increase. This population has additional eligibility requirements that do not apply to the under 18 population, such as education and/or employment verification, and additional staff would be necessary to ensure the stringent eligibility requirements are met. Additionally monthly payments would increase by nearly 1,000 and staff would be required to process and issue them timely.

Two Accounting Technician II to ensure fiscal expenditure transactions meet appropriate state and federal program requirements (Range 14, Juneau, salary and benefits \$167.3, one-time commodities including desk, chair, phone, computer \$12.8, lease space for office \$2.0).

One Eligibility Technician II to determine eligibility for adoption and guardianship subsidies (Range 14, Juneau, salary and benefits \$83.6, one-time commodities including desk, chair, phone, computer \$6.4, lease space for office \$1.0).

One Social Services Associate to provide the Title IV-E eligibility determination to ensure that the youth meet one of the extension criteria and the traditional eligibility criteria (Range 12, Juneau, salary and benefits \$75.4, travel \$12.0, one-time commodities including desk, chair, phone, computer \$6.4, lease space for office \$1.0).

Total new staff costs:

\$326.3 personal services
\$ 12.0 travel
\$ 4.0 services
\$ 25.6 one-time commodities

For many years, the Office of Children's Services ended foster care payments and subsidy assistance at the age of 18. In 2008, the federal guidance through the Fostering Connections Act allowed for states to increase foster care and adoption/guardianship assistance programs to cover youth to the 21st birthday. Statutory changes in 2010 allowed for foster youth to remain in foster care to their 21st birthday. In order for a state to claim Title IV-E reimbursement for the population of youth from ages 18 to their 21st birthday, the state must claim these federal benefits for both the foster care and the adoption and guardianship programs.

The Office of Children's Services determined that it would be cost prohibitive to pursue federal claiming under the adoption and guardianship subsidy program and therefore elected not to claim Title IV-E federal reimbursement for either program for this older, age 18-21 age bracket. Instead, the Division elected to provide foster care payments to youth continuing in foster care beyond their 18th birthday, with general funds, only.

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 federally-reimbursable AND the eligible and not federally-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, as this legislation proposes, 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.

Analysis Continued

It is estimated that every 1 percent decrease in the penetration rate decreases federal revenue by \$600.0. To determine the impact to the Children's Services Management component, the Department took an average percentage of cost allocated federal revenue based on FY2016 allocated expenditures for each component (13 percent x \$1,200.0 = \$156.0 loss in federal revenue for the Children's Services Management component).

Current anticipated federal reimbursement rate = 36 percent for this component.
Any loss in federal revenue would increase the need for general fund expenditures.

For total anticipated FY2018 costs of \$367.9, original fund source split, adjusted for the \$156.0 fund source switch:

Federal:	\$132.4	(\$156.0)	= (\$23.6)
General Fund:	<u>\$235.5</u>	<u>\$156.0</u>	= <u>\$391.5</u>
	\$367.9	0.0	= \$367.9

The same fund source adjustment process is used for calculating out year costs.