

Individual State Agency Fiscal Note

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|---------------------------------|---|--|
| Bill Number: 5124 E S SB | Title: Nonrelative kin placement | Agency: 307-Department of Children, Youth, and Families |
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

| ACCOUNT | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|----------------------------|----------|-----------|-----------|-------------|-------------|
| General Fund-Federal 001-2 | (31,000) | (250,000) | (281,000) | (1,671,000) | (3,158,000) |
| Total \$ | (31,000) | (250,000) | (281,000) | (1,671,000) | (3,158,000) |

Estimated Operating Expenditures from:

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|----------------------------|----------|-----------|-----------|-------------|-------------|
| FTE Staff Years | 2.6 | 4.8 | 3.7 | 7.2 | 9.6 |
| Account | | | | | |
| General Fund-State 001-1 | 798,000 | 2,092,000 | 2,890,000 | 8,570,000 | 14,298,000 |
| General Fund-Federal 001-2 | (31,000) | (250,000) | (281,000) | (1,671,000) | (3,158,000) |
| Total \$ | 767,000 | 1,842,000 | 2,609,000 | 6,899,000 | 11,140,000 |

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

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|-------------------------------------|-----------------------|------------------|
| Legislative Contact: Jackie Wheeler | Phone: 360-786-7125 | Date: 03/21/2023 |
| Agency Preparation: Kevin Keogh | Phone: 360-628-2652 | Date: 03/31/2023 |
| Agency Approval: Crystal Lester | Phone: 360-628-3960 | Date: 03/31/2023 |
| OFM Review: Carly Kujath | Phone: (360) 790-7909 | Date: 03/31/2023 |

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Comparison 5124 ESSB and 5124 SSB:

The changes here are assumed to be changes to make the language consistent, rather than substantive changes and do not impact the financial impact of this substitute as compared to the original bill.

Section 3(13) has been amended to restrict adoption support payments past the age of 18 unless the adoption occurred after the age of 16. The previous version of the bill would have also allowed adoption support payments to continue after the age of 18 regardless of the starting age of the adoption. This would have some financial impact, but it is likely to be small and hard to measure. For modeling purposes, adoption support payments were assumed to generally end at age 18.

This legislation relates to supporting guardianships. Under current law, relative guardians who are licensed foster parents may qualify for federally funded relative guardian assistance payments (R-GAP) through Title IV-E.

Section 1(1) adds foster parents to the individuals eligible for guardianship assistance payments (GAP) and allows for expenditures to come from state funding. This removes any requirement that a guardian be a relative in order to receive guardianship assistance payments.

Section 1(2) alters the eligibility criteria for GAP. Current law requires that guardians are currently licensed and the child has been placed with them for six consecutive months. (2)(a) Requires that the guardian has been licensed for six consecutive months in addition to the child being placed with them for six consecutive months or alternatively under (2)(b) The guardian may be receiving gap payments for a sibling of the child. These changes may have a minor impact on the number guardianships, but not to a degree that was deemed to have a fiscal impact.

Section 1(3) Removes the requirement that an individual qualify for federal foster care reimbursement in order to be eligible for GAP payments. There are a small number of current relative guardianships that do not qualify for these payments based on federal requirements that now will qualify. All foster parent guardianships with non-relatives do not qualify for federally funded guardianship assistance payments, but now may qualify for state funded guardianship assistance payments. This should also increase the number of guardianships.

Section 2(1) includes state funds in the requirement to adopt rules consistent with federal regulations and includes guardians of an Indian child in the subsidy program.

Section 3(16) allows the Department of Children, Youth and Families (DCYF) within appropriated funds to provide subsidies to relatives appointed as guardians based on tribal court decisions provided the tribe is certified as a child-placing agency (CPA) licensed by the department or is a federally recognized tribe that is a Title IV-E agency. This section is expected to result in an increase in qualification for GAP payments and an increase in the number of guardianships due to increased GAP payment eligibility.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

This would reduce adoption support payments which are about 45% federally funded. See expenditures for more details.

Estimated reduction in reimbursement:

FY24: (\$37,446)
FY25: (\$262,123)
FY26: (\$653,815)
FY27: (\$1,052,136)
FY28: (\$1,426,928)
FY29: (\$1,777,198)

The Title IV-E federal reimbursement rate is 13% for administrative support, this is applied to all FTE costs. Estimated reimbursement for the administrative support is:

FY24: \$6,381
FY25: \$11,672
FY26: \$15,983
FY27: \$18,939
FY28: \$21,870
FY29: \$24,573

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The total cost of the bill is estimated at \$2,609,000 (\$2,890,000 GFS) in the 23-25 Biennium, including both increased guardianship assistance payments and staff support needed to handle increased caseload.

Increased Guardianship Assistance Payments and Decreased Adoption Support Payments \$1,651,000 (\$1,950,000 GFS) in the 23-25 Biennium

Currently there are approximately 290 relative guardianships started per year, including tribal guardianships with tribes who have met Title IV-E qualifications and tribes licensed by DCYF as Child Placement Agencies (CPAs). Only licensed foster homes can qualify for GAP and currently only 20% of guardianships are licensed, however the rate of kin licensure is expected to grow to over 50% over the next biennium based on other changes to state law) and an increased departmental focus on support of kin. This rate will continue to increase in the following biennium.

The majority of current guardianships with licensed kin are eligible to receive Title IV-E GAP (88%). This is because the department generally only encourages guardianships in cases where an individual would be eligible for GAP. This 88% federal GAP qualifying number is assumed to remain consistent as the number of licensed kin increases, meaning 12% of the increase in licensed population would be eligible for state-funded GAP.

Guardianships are assumed to increase by 4% of the total kin discharge population, from 10.5% to 14.5% of all discharges over the next biennium, or an additional 110 guardianships per year. This increase assumes that as guardianships become an attractive alternative to adoption and continuing foster care, there will be a corresponding decrease in the number of adoptions. This increase in the guardianship population is assumed to be entirely state-funded, as it is assumed that guardianship is already pursued by the population that is Title IV-E eligible.

This bill also opens GAP up to licensed non-relatives who enter into a guardianship. Currently approximately 74 foster family guardianships are started per year. It is assumed that this number of guardianships will not increase, that all of these guardianships will choose to receive GAP, and that none qualify for federally-funded GAP because they are non-relatives.

The total number of guardianships estimated to receive state-funded GAP includes 12% of the currently licensed kin, 12% of the increase in licensed kin, all projected new guardianships, and all non-relative guardianships. Most eligible

guardianships are expected to continue receiving GAP until the child turns 18 (or up to age 21 for about 32% of the population). Because guardianships can last a long time and payments are made throughout the guardianship, the numbers of active guardianships receiving payments continues to accumulate year after year. Average monthly relative guardianship assistance payments are approximately \$729 per month.

The total number of months and total costs for this state funded population is show below:

FY24: 692 months * \$729 average GAP per month = \$503,872
FY25: 2,486 months * \$729 average GAP per month = \$1,806,209
FY26: 4,877 months * \$729 average GAP per month = \$3,535,853
FY27: 7,324 months * \$729 average GAP per month = \$5,304,144
FY28: 9,747 months * \$729 average GAP per month = \$7,056,393
FY29: 12,056 months * \$729 average GAP per month = \$8,731,347

Full detailed calculations can be found in the GAP Payments Estimation spreadsheet.

Due to the estimated increase in guardianships and a proportional decrease in the number of adoptions, these increased GAP costs would be partially offset by decreases in federal and state funded adoption support payments. The current penetration rate for adoption support payments is approximately 90%, which means that with the state match approximately 45.4% is federally funded.

General Fund State Reduction:

FY24: (113) months * \$729 average GAP per month * 54.6% GFS Funded = (\$44,953)
FY25: (791) months * \$729 average GAP per month * 54.6% GFS Funded = (\$314,668)
FY26: (1,973) months * \$729 average GAP per month * 54.6% GFS Funded = (\$784,881)
FY27: (3,175) months * \$729 average GAP per month * 54.6% GFS Funded = (\$1,263,049)
FY28: (4,306) months * \$729 average GAP per month * 54.6% GFS Funded = (\$1,712,973)
FY29: (5,363) months * \$729 average GAP per month * 54.6% GFS Funded = (\$2,133,459)

General Fund Federal Reduction:

FY24: (113) months * \$729 average GAP per month * 45.4% GFS Funded = (\$37,446)
FY25: (791) months * \$729 average GAP per month * 45.4% GFS Funded = (\$262,123)
FY26: (1,973) months * \$729 average GAP per month * 45.4% GFS Funded = (\$653,815)
FY27: (3,175) months * \$729 average GAP per month * 45.4% GFS Funded = (\$1,052,136)
FY28: (4,306) months * \$729 average GAP per month * 45.4% GFS Funded = (\$1,426,928)
FY29: (5,363) months * \$729 average GAP per month * 45.4% GFS Funded = (\$1,777,198)

GAP Specialists total costs are \$959,000 (\$940,000 GF-S) and 3.7 FTEs in the 23-25 Biennium and scaled to increase to support the increase in Gap caseload.

Each region has GAP specialists who work with proposed guardians, reviewing case files, creating an GAP agreement, and establishing a subsidy. Based on the increase in guardianships receiving GAP payments, new specialists would be required to handle the increased caseload. This increase in caseload represents only state funded GAP payments. Each new guardianship on their caseload takes approximately 44 hours in upfront work. Established caseloads require on average 1 hour per guardianship per month:

FY24: 110 new guardianships * 44 hr + 582 months guardianship * 1 hr = 5,422 / 2,080 = 2.61 FTE
FY25: 173 new guardianships * 44 hr + 2,313 months guardianship * 1 hr = 9,925 / 2,080 = 4.77 FTE
FY26: 203 new guardianships * 44 hr + 4,674 months guardianship * 1 hr = 13,606 / 2,080 = 6.54 FTE
FY27: 205 new guardianships * 44 hr + 7,119 months guardianship * 1 hr = 16,139 / 2,080 = 7.76 FTE
FY28: 207 new guardianships * 44 hr + 9,541 months guardianship * 1 hr = 18,649 / 2,080 = 8.97 FTE
FY29: 207 new guardianships * 44 hr + 11,849 months guardianship * 1 hr = 20,957 / 2,080 = 10.08 FTE

These positions are classified as Social and Health Program Consultants 2 (SHPC2). Total costs for these employees includes salary and benefits plus \$11,400 in goods and services, travel, and one-time equipment purchases. Total costs are:

FY24: 2.61 FTE \$296,476
 FY25: 4.77 FTE \$523,043
 FY26: 6.54 FTE \$708,550
 FY27: 7.76 FTE \$834,389
 FY28: 8.97 FTE \$963,051
 FY29: 10.08 FTE \$1,080,427

A 18.43% admin support rate is applied to all FTE costs to fund program support functions that scale with additional FTEs such as HR, IT, and Fiscal. 13% of this admin support rate is funded via Title IV-E. FY24: \$49,157

FY25: \$89,838
 FY26: \$123,175
 FY27: \$146,152
 FY28: \$168,941
 FY29: \$189,847

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

| Account | Account Title | Type | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|-----------------|---------------|---------|----------|-----------|-----------|-------------|-------------|
| 001-1 | General Fund | State | 798,000 | 2,092,000 | 2,890,000 | 8,570,000 | 14,298,000 |
| 001-2 | General Fund | Federal | (31,000) | (250,000) | (281,000) | (1,671,000) | (3,158,000) |
| Total \$ | | | 767,000 | 1,842,000 | 2,609,000 | 6,899,000 | 11,140,000 |

III. B - Expenditures by Object Or Purpose

| | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------------------|---------|-----------|-----------|-----------|------------|
| FTE Staff Years | 2.6 | 4.8 | 3.7 | 7.2 | 9.6 |
| A-Salaries and Wages | 196,000 | 358,000 | 554,000 | 1,074,000 | 1,431,000 |
| B-Employee Benefits | 71,000 | 129,000 | 200,000 | 387,000 | 516,000 |
| C-Professional Service Contracts | | | | | |
| E-Goods and Other Services | 5,000 | 9,000 | 14,000 | 26,000 | 34,000 |
| G-Travel | 6,000 | 11,000 | 17,000 | 35,000 | 46,000 |
| J-Capital Outlays | 19,000 | 16,000 | 35,000 | 22,000 | 17,000 |
| M-Inter Agency/Fund Transfers | | | | | |
| N-Grants, Benefits & Client Services | 421,000 | 1,229,000 | 1,650,000 | 5,086,000 | 8,737,000 |
| P-Debt Service | | | | | |
| S-Interagency Reimbursements | | | | | |
| T-Intra-Agency Reimbursements | 49,000 | 90,000 | 139,000 | 269,000 | 359,000 |
| 9- | | | | | |
| Total \$ | 767,000 | 1,842,000 | 2,609,000 | 6,899,000 | 11,140,000 |

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

| Job Classification | Salary | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|--------------------------|--------|---------|---------|---------|---------|---------|
| Soc & Health Prog Cons 2 | 73,262 | 2.6 | 4.8 | 3.7 | 7.2 | 9.6 |
| Total FTEs | | 2.6 | 4.8 | 3.7 | 7.2 | 9.6 |

III. D - Expenditures By Program (optional)

| Program | FY 2024 | FY 2025 | 2023-25 | 2025-27 | 2027-29 |
|------------------------------------|---------|-----------|-----------|-----------|------------|
| Children and Family Services (010) | 718,000 | 1,752,000 | 2,470,000 | 6,630,000 | 10,781,000 |
| Program Support (090) | 49,000 | 90,000 | 139,000 | 269,000 | 359,000 |
| Total \$ | 767,000 | 1,842,000 | 2,609,000 | 6,899,000 | 11,140,000 |

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Currently the specifics of the GAP eligibility criteria are set by agency policy, this policy will have to be updated to account for state funded guardianship assistance payments.