

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1591-01  
Bill No.: SB 0410  
Subject: Increases foster care reimbursement rates to the rate established by the U.S. Department of Agriculture.  
Type: Original  
Date: February 7, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	(\$14,687,242)	(\$27,239,794)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>(\$14,687,242)</b>	<b>(\$27,239,794)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> Federal Funds*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Revenue and expenditures of approximately \$13 million annually net to \$0.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Department of Social Services - Division of Family Services - Children's Services Unit (DFS-CSU)** stated that per the USDA, the cost of raising children in 1999 was \$408.33 per month for children aged 0-5 years; \$453.33 per month for children aged 6-12 years; and \$494.58 per month for teenagers. The DFS-CSU officials estimated the USDA rates for 2005 by applying a 2.7% COLA per year. The DFS-CSU officials provided an extensive calculation of the additional costs which cannot be re-produced in the fiscal note, however, they anticipate the additional fiscal impact of this legislation, by year, to be:

	<u>Foster Care</u>	<u>Adoption</u>	<u>Total</u>
FY 03	\$ 5,592,251	\$ 8,907,590	\$14,499,841
FY 04	\$10,993,922	\$17,024,448	\$28,018,370
FY 05	\$16,395,593	\$25,141,306	\$41,536,899

The costs were split between state and federal funds at a rate of 51.6% state and 48.2% federal.

Officials from the **Department of Social Services - Division of Family Services - Income Maintenance Unit (DFS-IMU)** stated the Grandparents as Foster Parents program is paid using Temporary Assistance for Need Family (TANF) funds at the same rate as the Foster Care Maintenance rates. The DFS-IMU officials assumed that the average cost per child in the Grandparents as Foster Parents program will remain constant at \$270.33 per month (for all age groups). This rate reflects a Foster Care Maintenance rate increase of 5.0% for FY 01.

The DFS-IMU officials also assumed that the growth rate for the number of children receiving benefits through the Grandparents as Foster Parents program will continue to decrease by half in each fiscal year. The current rate of growth began to slow down in September, 2000. A 9.4% growth rate was applied for the remaining months in FY 01.

FY 00	40.8% - Growth of children in Grandparents as Foster Parents Program
FY 01	9.4%
FY 02	4.7%
FY 03	2.35%
FY 04	1.18%
FY 05	0.588%

ASSUMPTION (continued)

Per the USDA, the average monthly foster care rate is:

FY 00	\$464.29
FY 01	\$476.82
FY 02	\$489.70
FY 03	\$502.92
FY 04	\$516.50
FY 05	\$530.44

The DFS-IMU officials anticipate the additional fiscal impact of the proposed legislation, by year, to be:

FY 02	\$0
FY 03	\$7,171,080
FY 04	\$12,717,478

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Department of Social Services - Division of Family Services - Children's Services Unit</u>			
Increased Foster Care Reimbursements	<u>\$0</u>	<u>(\$7,516,162)</u>	<u>(\$14,522,316)</u>
Total <u>Costs</u> - Children's Services Unit	<u>\$0</u>	<u>(\$7,516,162)</u>	<u>(\$14,522,316)</u>
<u>Costs - Department of Social Services - Division of Family Services - Income Maintenance Unit</u>			
Increased Foster Care Reimbursements - Grandparents as Foster Parents Program	<u>\$0</u>	<u>(\$7,171,080)</u>	<u>(\$12,717,478)</u>
Total <u>Costs</u> - Income Maintenance Unit	<u>\$0</u>	<u>(\$7,171,080)</u>	<u>(\$12,717,478)</u>
<b>ESTIMATED EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>(\$14,687,242)</u></b>	<b><u>(\$27,239,794)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>FEDERAL FUNDS</b>			
Income - Department of Social Services Foster Care Reimbursements	\$0	\$6,983,679	\$13,496,054
<u>Costs - Department of Social Services - Division of Family Services - Children's Services Unit</u>			
Increased Foster Care Reimbursements	\$0	(\$6,983,679)	(\$13,496,054)
<b>ESTIMATED EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal provides for a minimum foster care reimbursement rate meets or exceeds the foster care reimbursement rates established by the U.S. Department of Agriculture. The cost is to be increased over the course of three years starting in FY 03.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services

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A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is written in a cursive style with a large initial "J".

Jeanne Jarrett, CPA  
Director  
February 7, 2001