

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2111-01
Bill No.: HB 968
Subject: Children and Minors; Guardians; Appropriations; Social Services Department
Type: Original
Date: April 8, 2013

Bill Summary: This proposal revises the definition of “relative” for purposes of the guardianship subsidy to include fictive kin.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$40,205)	(\$48,246)	(\$48,246)
Total Estimated Net Effect on General Revenue Fund	(\$40,205)	(\$48,246)	(\$48,246)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Savings and losses net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - Children's Division (CD)** state currently section 453.072 provides adoption subsidy funds available to adoptive parents in section 453.073 and section 453.074 to qualified relatives who are granted legal guardianship and defines "relative" as any grandparent, aunt, uncle, adult sibling of the child or adult first cousin of the child.

This proposal adds great grandparent, great aunt, great uncle and changes adult first cousin to any adult cousin. This proposal also adds "fictive kin" which is defined for purposes of this section as "any individual, whether related or unrelated by birth or marriage, who is shown to have close personal or emotional ties with the child or the child's family prior to the child's placement with the individual."

In Calendar Year (CY) 2010, there were 456 (3.09% of the children in CD's custody) new legal guardianship entries. In CY 11 there were 521 (3.31% of the children CD's custody) and in CY 12 there were 612 (3.71% of the children in CD's custody).

The Children's Division projects that there will be 16,838 children in custody in FY14 and beyond. The CD also projects that the percentage of children who move to guardianship as a result of this legislation will increase by 25% to 4.64% ($3.71\% \times 1.25 = 4.64\%$, rounded up) resulting in a total of 782 ($16,838 \text{ children in CD custody} \times 4.64\% = 782$, rounded up) guardianships annually. This is an increase of 170 per year.

The annual amount paid by the CD for children in guardianship placements is \$3,243.50. The total annual placement cost for the additional 170 children would be \$551,395 ($\$3,243.50 \times 170 = \$551,395$); \$532,715 in General Revenue (GR) funds and \$18,680 in Federal Funds (FF).

Because a child must first be in the custody of the CD prior to moving to guardianship placement, the CD also projects that there will be a reduction in foster care costs as a result of children moving to guardianship. The annual placement cost for a child in foster care is \$4,395. The total annual placement costs for the 170 children (if they had remained in foster care) would have been \$747,150; \$484,469 in GR and \$262,681 in FF.

Overall, there would be a cost savings in the first year of \$163,129; however, because of the loss of federal funds (no federal dollars can be claimed for non relative guardians and fewer guardianship children are IV-E eligible) under the guardianship program, the net result is an increased need for GR of \$40,205 with a reduction in federal funding of \$203,334.

For FY15 and FY16 the cost savings annually is \$195,755; an increase to GR of \$48,246 with a loss of FF of \$244,001.

ASSUMPTION (continued)

Officials from the **Office of State Courts Administrator** assume the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Savings - DSS-CD</u>			
Reduction in foster care expenditures	\$403,724	\$484,469	\$484,469
<u>Cost - DSS-CD</u>			
Increase in state-only funded guardianship expenditures	<u>(\$443,929)</u>	<u>(\$532,715)</u>	<u>(\$532,715)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$40,205)</u>	<u>(\$48,246)</u>	<u>(\$48,246)</u>
FEDERAL FUNDS			
<u>Savings - DSS-CD</u>			
Reduction in foster care expenditures	\$203,334	\$244,001	\$244,001
<u>Loss - DSS-CD</u>			
Reduction in federal matching funds for reduced foster care expenditures	<u>(\$203,334)</u>	<u>(\$244,001)</u>	<u>(\$244,001)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Currently, for the purposes of determining eligibility for a subsidy to a qualified relative who is granted legal guardianship of a child, the term "relative" means grandparent, aunt, uncle, adult sibling of the child, or adult first cousin of the child. This proposal revises the term to include a great grandparent, great aunt, great uncle, or any adult cousin of the child or any fictive kin. "Fictive kin" means any individual, whether related or unrelated by birth or marriage, who is shown to have close personal or emotional ties with the child or the child's family prior to the child's placement with the individual.

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

Office of State Courts Administrator
Department of Social Services -
Children's Division



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