

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0573-01  
Bill No.: HB 260  
Subject: Children and Minors; Adoption; Children's Division  
Type: Original  
Date: January 25, 2017

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Bill Summary: This proposal allows kinship placements for foster children.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0 to (\$260,624)	\$0 to (\$320,569)	\$0 to (\$328,584)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to (\$260,624)</b>	<b>\$0 to (\$320,569)</b>	<b>\$0 to (\$328,584)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Federal Funds*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Savings and losses to exceed \$200,000 annually and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **§210.565 - Kinship placements**

Officials from the **Department of Social Services (DSS), Children's Division (CD)** and **Division of Legal Services (DLS)** state this bill amends section 210.565, RSMo, concerning the preference for placement of foster children with relatives.

In Section 210.565.2, this bill adds a definition for "kin" or "kinship" to mean a person who is not related by blood or affinity beyond the third degree, or a person who is not related to the child, but has a close relationship with the child or child's family, including but not limited to a godparent, neighbor, teacher, or close family friend.

In section 210.565.8, current law provides an exception on a case by case basis in which non-safety related requirements may be waived for grandparents or other relatives in regard to foster care licensure. This bill adds "kin" to that provision.

Federal IV-E requirements only allow waivers for relatives. This change could impact DSS' federal IV-E funding. Federal law does not allow non-safety waivers for children to be placed in kinship homes and thus DSS would not be able to claim IV-E funding for them.

As a result, children who were previously eligible for IV-E funding would no longer be eligible and would become state funded, increasing the need for General Revenue (GR).

**CD** reasonably anticipates that there could be the loss of federal IV-E funding as a result of this legislation. The losses could affect funding for Foster Care, Adoption Assistance, Adoption Incentives, Chafee and Guardianship. As of September 2016, there were 548 children in unlicensed kinship homes. With this change in law, CD assumes the number of children would increase by 25% or 137. Based on the FY 2017 Foster Care maintenance rate for ages 6-12 with the professional parenting payment, the total cost of the additional children is \$749,667 (\$456/month x 12 months x 137). With the assumption CD will lose the FMAP rate (63.21%) of the eligibility rate (66%) of the \$624,720 (10 months), it is estimated the impact to General Revenue would be \$0 to \$260,624.

FY18 (10 months) - \$0 - \$260,624 GR  
FY19 - \$0 - \$320,569 GR  
FY20 - \$0 - \$328,584 GR

ASSUMPTION (continued)

**DLS** will need to provide legal representation to CD in cases in which a court orders CD to waive a non-safety standard for a kinship placement. DLS will also be needed to revise the current foster care licensing regulations to include waiving non-safety standards for kinship providers. DLS anticipates that such representation and assistance can be provided at current staffing levels.

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

<u>FISCAL IMPACT - State Government</u>	FY 2018	FY 2019	FY 2020
	(10 Mo.)		

**GENERAL REVENUE FUND**

Costs - DSS (§210.565)

Replacement of lost IV-E funds due to non-safety waivers for kinship placements	<u>\$0 to (\$260,624)</u>	<u>\$0 to (\$320,569)</u>	<u>\$0 to (\$328,584)</u>
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**ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND**

	<u>\$0 to</u>	<u>\$0 to</u>	<u>\$0 to</u>
	<u>(\$260,624)</u>	<u>(\$320,569)</u>	<u>(\$328,584)</u>

**FEDERAL FUNDS**

Savings - DSS (§210.565)

Reduction in IV-E funds used	\$0 to \$260,624	\$0 to \$320,569	\$0 to \$328,584
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Loss - DSS (§210.565)

Reduction in eligibility for IV-E funds for non-safety waivers for kinship placements	<u>\$0 to (\$260,624)</u>	<u>\$0 to (\$320,569)</u>	<u>\$0 to (\$328,584)</u>
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**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2018  
(10 Mo.)

FY 2019

FY 2020

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill defines the word "kin" to be a person who is related to the child by blood or affinity beyond the third degree, or a person who is not so related to the child but has a close relationship with the child or the child's family including, but not limited to, godparents, neighbors, teachers, or close family friends. The bill adds kin to the individuals for whom standards for licensure not related to safety waived for specific children in care if the standards would otherwise impede licensing of the kin's home.

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 -  
Children's Division  
Division of Legal Services  
Office of State Courts Administrator



Mickey Wilson, CPA  
Director  
January 25, 2017

Ross Strope  
Assistant Director  
January 25, 2017