

February 11, 2015

The Honorable Jeff King, Chairperson
Senate Committee on Judiciary
Statehouse, Room 341-E
Topeka, Kansas 66612

Dear Senator King:

SUBJECT: Fiscal Note for SB 158 by Senate Committee on Judiciary

In accordance with KSA 75-3715a, the following fiscal note concerning SB 158 is respectfully submitted to your committee.

SB 158 would establish a new, special category of foster family referred to as a CARE family based on qualifying criteria. It would also require that each CARE family is highly trained in typical foster care and related issues. Under this bill, the CARE families would be paid a substantially higher rate than other foster families. The family would have the sole discretion to determine the educational placement including the option to home school. The family would be reimbursed for incurred educational expenses when the child is not enrolled in a school district. Reimbursement would not exceed the statewide average state aid per pupil. These funds would be transferred from the Board of Education to the CARE family education fund.

The Department of Health and Human Services, Administration for Children and Families (ACF), requires that states establish one rate for each placement type. The Department for Children and Families (DCF) assumes that ACF will interpret CARE families to be the same as regular family foster homes. Therefore, the “substantially higher” rate required in SB 158 would require the cost of CARE family placements to be funded entirely from the State General Fund (SGF). This would result in the loss of Title IV-E maintenance funds for those who convert from a currently IV-E eligible placement to a CARE family. In addition to the need to fund this placement type with SGF only, there is also concern that ACF would conclude that DCF is out of compliance with Title IV-E requirements. As a result, there would be a significant risk that all Title IV-E funding would be suspended. There is currently over \$25.0 million from Title IV-E foster care budgeted that would be at risk.

Given a current average daily rate of \$20.60, DCF assumes that the rates for the CARE family placements would be greater by \$10.00 per day per child. For purposes of calculating the impact of the additional \$10.00 per day, DCF made an assumption that 5.0 percent of current family foster home placements would move to CARE families. The average number of family foster home placements in FY 2014 was 2,502. Five percent of this total calculates to a

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projected average of 125 CARE families. Therefore, additional annual costs would total \$456,250 (\$10 x 365 days x 125 placements).

SB 158 would also allow for the provision of up to four hours of child care per week. These costs would also need to be funded with 100.0 percent SGF, as this child care would not meet the Title IV-E requirements. For purposes of calculating the fiscal impact, DCF assumed that the maximum allowable child care as provided by the bill will be utilized. Additional expenditures for this child care would total \$65,000 (125 placements x 4 hours child care x \$2.50 per hour of child care x 52 weeks). Finally, the administration requirements of this bill would require an additional 1.00 FTE Social Worker Specialist position in each of the Department's four regions to work with the initial screening and on-going monitoring of these families. Salary and benefits costs for 4.00 Social Worker Specialist positions would be \$219,849 and operating expenses related to those four positions would be \$15,720.

Annual Costs of Additional \$10 Per CARE Family for 125 Placements	\$ 456,250
Annual Costs of Additional Child Care @ \$2.50 Per Hour	65,000
Salary & Benefit Costs of 4.00 Additional Social Worker Specialists	219,849
Operating Expenses Related to Additional Positions	15,720
Total Projected Additional Annual Costs	\$ 756,819
Replacement of Lost Title IV-E Revenue from a Shift to CARE Families	113,303
Total Projected Direct Fiscal Impact	\$ 870,122
Potential Loss of Title IV-E Funds for Being Out of IV-E Compliance	25,623,705
Total Potential Fiscal Impact	\$ 26,493,827

SB 158 would also provide for reimbursement of educational expenses incurred by CARE families who choose to home school. According to the Department of Education based upon current data for the 2014-15 school year, the maximum reimbursement amount would be approximately \$6,700 per pupil. Since the number of qualified pupils is not known a fiscal effect cannot be determined. Any fiscal effect associated with SB 158 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Jackie Aubert, DCF
Mary Rinehart, Judiciary
Dale Dennis, Education