

PREPARED BY: Liz Hruska
 DATE PREPARED: April 04, 2012
 PHONE: 471-0053

LB 820

Revision: 03

Revised to correct an error

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	3,161,591			
CASH FUNDS				
FEDERAL FUNDS	250,794			
OTHER FUNDS				
TOTAL FUNDS	3,411,185		See Below	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill requires the Department of Health and Human Services to apply for a Title VI-E waiver on or before September, 2013. The demonstration project under the waiver shall include but not be limited to the following: 1) increasing permanency for children in foster care, 2) increasing positive outcomes for children and improving their safety and well-being, 3) preventing child abuse and neglect, (4) preventing reentry of children into the child welfare system, 5) developing a program to permit foster care payments to be made to long-term therapeutic family treatment centers and 6) addressing domestic violence that endangers children. Within three years of the date of submission or within two years after the date of the Title IV-E waiver approval whichever is later, at least two of the child welfare improvement policies in the 42 U.S 1320a-9(a)(7) shall be implemented. At least one improvement policy shall be one that has not been previously implemented. The bill creates the Title IV-E Demonstration Project Committee. The committee would come under the jurisdiction of the Children's Commission if it is created. The bill has the emergency clause.

The department indicates contractual costs or the equivalent in staff time will be approximately \$50,000 for the readiness assessment and development of the waiver. The costs would be \$20,000 (\$16,000 GF and \$4,000 FF) in FY 12 and \$30,000 (\$24,000 GF and \$6,000 FF) in FY 13. After the waiver is approved, an evaluation is required. Those costs will also be shared between general and federal funds. The cost is unknown since the specifics of the waiver and the evaluation design are unknown at this time. The cost for the Title IV-E Committee would be approximately \$1,200 annually.

Almost half of the states have Title IV-E waivers which allow states greater flexibility in the use of federal Title-IV-E funds. Title-IV-E funds are restricted to paying for out-of-home care and some training and administrative costs. The waivers allow states to cover a broader population such as children at risk of abuse and neglect and those remaining in their homes. It also allows for a broader range of services such as prevention services and a wide range of intervention, support and therapy services. The intent of the flexibility provided for in the waiver is to improve the delivery of child welfare services by designing programs to keep children out of the system, to maintain children in their family homes, to accelerate the movement toward permanency and to provide aftercare services that help to stabilize situations after exiting the system. In the long range, there should be general fund savings from enhanced preventative services and improvements in the child welfare system.

Beginning July 1, 2012, this bill requires the Department of Health and Human Services to adjust payment to foster parents to \$3.10 a day. Agencies contracting with the state to handle foster care would receive an additional 25 cents a day. The cost would be \$3,290,585 (\$3,165,937 GF and \$124,648 FF) in FY 13. The Foster Care Reimbursement Rate Committee is created. The committee would come under the jurisdiction of the Children's Commission if it is created. The committee will study foster care payment rates using the methods in the Foster Care Minimum Adequate Rates for Children study as the beginning standard for reimbursement. The cost for the committee would be \$1,200 in FY 13 and FY 14.

The study the committee is to use to recommend rates was done by the National Foster Parent Association and the University of Maryland School of Social Work. The components that make up the rates differ slightly from Nebraska's rates. For instance, the rate in the study included liability insurance. In Nebraska insurance is provided by the department. The following chart shows the rate difference, adjusted for liability insurance:

Age Range	# of Children	Study Rate	NE Rate	Difference Per Child	Total Difference
0 to 5	701	628	342	286	2,405,832
6 to 11	437	721	500	221	1,158,924
12 and older	440	791	617	174	<u>918,720</u>
					<u>4,483,476</u>

In FY 14 foster care rates would continue at least at the same rate as the July 1, 2012 rate, but could cost more since the Maryland study is the beginning standard. The costs to adjust the foster care rates to foster parents could be \$4,483,476 (\$3,578,781 GF and \$894,695 FF) in FY 14 and thereafter.

The bill as amended also contains provisions of LB 874. This bill reduces the number of children a foster family may care for without being licensed from two children from different families to one child not related to the foster parent(s) by blood, marriage or adoption.

Under the provisions of this bill, the number of foster homes that are required to be licensed would increase. It is estimated that there could be up to 300 homes that would need to be licensed. One to two additional resource development specialists would be needed. The cost per specialist is \$49,700 GF annually.

Licensed foster parents must complete 21 hours of training initially and 12 annually on an ongoing basis. The newly required licensees should be able to attend existing classes, so there would no additional costs for training.