ADOPTION SUBSIDY FORECASTING GROUP — DECEMBER 2019

Forecasting Group. Staff members from the Department of Management (DOM), the Department of Human Services (DHS), and the Fiscal Services Division of the Legislative Services Agency (LSA) met on December 19, 2019, to discuss the Adoption Subsidy Program caseload growth and expenditures for FY 2020 and FY 2021. The Forecasting Group is established in Iowa Code section 234.47 to discuss expenditures and agree on a consensus estimate for the current and upcoming fiscal years.

Adoption Subsidy Projections. The current estimate of the Adoption Subsidy Program utilizing the status quo General Fund appropriation is:

- An estimated ending surplus of $1.1 million in FY 2020.
- An estimated surplus of $1.6 million in FY 2021.

Under current law, these funds will be carried forward for reinvestment savings expenditures in FY 2020. The percent of children eligible for funding under Title IV-E continues to increase, and an increase in the regular Federal Medical Assistance Percentage (FMAP) rate also contributes to the surplus in FY 2021.

Reinvestment Savings. The DHS current reinvestment obligation from FFY 2015 to FFY 2020 is estimated to total $14.4 million. Current reinvestment spending through State FY 2021 is estimated to total $5.5 million. Most of the expenditures to date have been for the Treatment Outcome Package (TOP) Tool. In addition, the DHS anticipates incurring expenses for the Subsidized Guardianship Program.

After accounting for that spending, there would remain a current estimated obligation of $8.9 million. Utilizing the forecasted surpluses to offset part of this, and including an estimate of the succeeding federal fiscal year reinvestment obligation, there is a current unfunded liability estimated at $6.2 million.

The DHS is continuing to develop ideas that could address the current obligation. Services must have been started after FFY 2016 to qualify as new reinvestment expenditures, and some of the one-time expenditures used to implement the federal Families First Prevention Services Act (Public Law 115-123) could qualify.

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