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## FISCAL UPDATE Article

Fiscal Services Division

October 3, 2017



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### ADOPTION SUBSIDY PROJECTIONS WORKGROUP MEETING—SEPTEMBER 28, 2017

**Projections Workgroup.** 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 September 28, 2017, to discuss the Adoption Subsidy Program actual FY 2017 expenditures and estimated FY 2018 and FY 2019 caseload growth and expenditures. The Projections Workgroup is established in Iowa Code section [234.47](#) to discuss revenues and expenditures and agree on an estimate for the current and upcoming fiscal years.

Members of the Workgroup agreed that the percentage of cases eligible for federal Title IV-E funding is expected to continue to increase each month and will outpace the caseload growth rate, as determined by current trends. Additionally, a more favorable Federal Medical Assistance Percentage (FMAP) rate in FY 2019 greatly affects the expected State share for the Adoption Subsidy Program. These factors led to the following estimates:

- **FY 2018:** The Workgroup agreed to an estimated net shortfall of \$92,000 after the federal delinking (reinvestment of savings) requirement to reinvest savings from federal Title IV-E funds is satisfied.
- **FY 2019:** The Workgroup agreed to an estimated net surplus of \$420,000 after setting aside surplus funds to meet the federal delinking requirement.

**Reinvestment of Title IV-E Savings.** A federal mandate regarding the use of federal Title IV-E funds requires savings to be reinvested and used for child welfare services instead of reverting to the General Fund. [House File 653](#) (FY 2017 Health and Human Services Appropriations Act) allows the DHS to transfer funds (specifically those funds from federal Title IV-E savings) to the Child and Family Services General Fund appropriation for post-adoption and child welfare services.

The Department plans to reinvest 70.0% of Adoption Subsidy Program savings attributable to the federal delinking requirement on the [Treatment Outcome Package \(TOP\) tool](#). The TOP tool is a web-based survey completed by the child, birth and adoptive/foster parents, clinicians, teachers, and caseworkers to gather information on various dimensions of child welfare and well-being. The remaining 30.0% will be spent on a subsidized guardianship program for youth ages 16 and older, scheduled to begin in FY 2019. Early estimates for the subsidized guardianship program place the expected need in the first year at \$133,000 and at \$400,000 in the second year of implementation. Costs are projected to plateau as children enter and exit the program annually.

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