
FISCAL UPDATE Article

Fiscal Services Division

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ADOPTION SUBSIDY PROJECTIONS WORK GROUP MEETING – OCTOBER 2017

Projections Work 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 October 26, 2017, to discuss the Adoption Subsidy Program caseload growth and expenditures for FY 2018 and FY 2019. The Projections Work 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.

Funding Recap. The FY 2018 Health and Human Services Appropriation Act included a General Fund appropriation of \$40.8 million for the Adoption Subsidy Program, a decrease of \$1.9 million compared to actual FY 2017. Additionally, the DHS carried forward \$622,000 in unspent funds from FY 2017 into FY 2018 for adoption savings expenditure requirements.

Adoption Savings. Since federal fiscal year (FFY) 2010, the federal Title IV-E Adoption Assistance Program has provided expanded eligibility provisions for any child who meets the criteria for an “applicable child” as defined in section 473(e) of the federal Social Security Act. Use of the expanded child eligibility provisions tends to result in more children being determined as Title IV-E eligible, since the expanded provisions delink eligibility for the Title IV-E Adoption Assistance Program from the requirements for Aid to Families with Dependent Children (AFDC), among other changes.

The federal Social Security Act requires states to spend an amount equal to any savings they achieve as a result of applying the differing program eligibility criteria to applicable children, for other child welfare service activities permitted under Titles IV-B or IV-E of the Act. These funds are referred to as “adoption savings.”

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 postadoption and child welfare services. Additionally, the appropriation contains \$125,000 in anticipation of the adoption savings expenditure requirement. This funding and the carryforward from FY 2017 is anticipated to satisfy the current need.

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

Projections. The DHS reported that the federal Title IV-E eligibility applications across all age groups should be fully phased in by September of FY 2018. Additionally, a more favorable Federal Medical

Assistance Percentage (FMAP) rate in FY 2019 will decrease the State share for the Adoption Subsidy Program. These factors led to the following estimates:

- FY 2018: An estimated surplus of \$22,000 after the allocation for adoption savings, factoring in funds carried forward from FY 2017 for this purpose.
- FY 2019: An estimated surplus of \$298,000, based on a status quo appropriation and the current estimate for the adoptions savings expenditure requirement.

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