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## FISCAL UPDATE Article

Fiscal Services Division

October 19, 2018



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### ADOPTION SUBSIDY FORECASTING GROUP — OCTOBER 2018

**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 October 18, 2018, to discuss the [Adoption Subsidy Program](#) caseload growth and expenditures for FY 2019 and FY 2020. 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.

**Projections.** The number of children eligible for funding under Title IV-E appears to have finished increasing and is stable at approximately 80.0%. Also, the Federal Medical Assistance Percentage (FMAP) rate in FY 2020 [continues to move in the State's favor](#). Finally, these forecasts include an anticipated \$1.4 million in FY 2019 and \$1.7 million in FY 2020 in reinvestment expenditures to meet the federal requirements. The following are the estimated Program needs:

- FY 2019: There is an estimated need of \$36,000.
- FY 2020: Based on the FY 2019 appropriation, the estimated need is \$37,000.

**Reinvestment Savings.** The DHS current reinvestment obligation from FFY 2015 to FFY 2017 is estimated to total \$4.2 million. Current reinvestment spending through State FY 2019 is estimated to total \$3.1 million between the Treatment Outcome Package (TOP) Tool and a limited Subsidized Guardianship Program. This spending is accounted for in the Forecasting Group projections. After accounting for that spending, there would remain a current estimated unfunded obligation of \$1.1 million, but that does not include the FFY 2018 year which just ended; preliminary estimates would add another \$1.8 million, bringing the total to \$2.9 million.

This annual addition of obligations could create a “bubble” of reinvestment liability if the State does not find enough qualifying expenditures to offset the annual additions. However, much of this could depend on how quickly families become interested in the Subsidized Guardianship Program rather than remain in foster care. Administrative rules for the Subsidized Guardianship Program are currently in the Notice of Intended Action stage ([ARC 4032C](#)), although the public comment period has ended.

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