
FISCAL UPDATE Article

Fiscal Services Division

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ADOPTION SUBSIDY FORECASTING GROUP — MARCH 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 March 23, 2017, to discuss the Adoption Subsidy Program caseload growth and expenditures for FY 2018 and FY 2019. 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.

Funding Recap. House File [653](#) (FY 2018 Health and Human Services Appropriations 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.

Projections. As more children become eligible for funding under Title IV-E, and the following year Federal Medical Assistance Percentage (FMAP) rate in FY 2019 moves in the State's favor, the following are the estimated Program needs:

- FY 2018: The current appropriation amount appears to remain adequate for the fiscal year.
- FY 2019: Based on the FY 2018 appropriation, the FY 2019 appropriation has an estimated surplus of \$543,000. Some of these savings are due to increased Title IV-E eligibility, and the requirements discussed below should be deliberated.

Federal Policy Updates. As discussed [previously](#), the Adoption Subsidy Program has benefited from more children receiving federal funding. 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." A division in the February federal budget Continuing Resolution included the Family First Prevention Services Act that contained language directing the U.S. Government Accountability Office (GAO) to examine whether states are reinvesting all of the state savings under this provision, and if not less than 30.0% of these savings are used for post-adoption and post-guardianship services.

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 come to \$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.

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