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BILL ANALYSIS



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Senate Bill 435 through 440 (as introduced 6-14-11)

Sponsor: Senator Bruce Caswell (S.B. 435)

Senator Judy K. Emmons (S.B. 436)

Senator Mark C. Jansen (S.B. 437)

Senator John Moolenaar (S.B. 438)

Senator Mike Nofs (S.B. 439)

Senator John Proos (S.B. 440)

Committee: Appropriations

Date Completed: 6-29-11

CONTENT

Background on the Fostering Connections to Success and Increasing Adoptions Act of 2008

The Federal Fostering Connections to Success and Increasing Adoptions Act of 2008 (referred to below as the Fostering Connections Act) was enacted to provide new support mechanisms and services for older youths in foster care. The Fostering Connections Act was established to help these youths make the transition to adulthood and to offer the states a funding mechanism by which to achieve this goal. One of the options available to states is the extension of foster care, adoption, and guardianship assistance payments to individuals after the age of 18 and up to age 21. These extended payments are not mandated by Federal law.

The Federal law offers two new options for states to improve outcomes for children in foster care through: (1) Federal matching payments for states choosing to provide guardianship assistance to grandparents and other relatives who become legal guardians of foster children; and (2) Federal matching payments for states choosing to continue foster care assistance for older youths up to the age of 21 who are engaged in school, work, or other constructive activities.

Participation in the extended payments is on a voluntary basis. Youths must sign an agreement to take part in the program before exiting foster care and must meet one or more of the employment and education conditions required by the Federal law. Participants may choose to drop out of the program at any time.

Implementing Legislation

Senate Bills 435, 436, 437, 438, 439, and 440 (referred to as the bill package) would make it possible for the State to enact the extended payment option within the Fostering Connections Act. Each piece of legislation would ensure that all aspects of extended foster care were covered as allowed by the Federal legislation.

Senate Bill 435

The bill would create the "Young Adult Voluntary Foster Care Act". The Act would allow extensions of foster care payments, guardianship assistance payments to youths who entered the program between the ages of 16 and 18, and adoption subsidies for youths who were adopted between the ages of 16 and 18. The requirements and eligibility standards are described in this bill (which reflects the Federal Act).

Senate Bill 436

The bill would amend the juvenile code to allow the family court to maintain jurisdiction over youth who were taking part in the Young Adult Voluntary Foster Care program until age 21.

Senate Bill 437

The bill would amend Public Act 220 of 1935 to allow the Michigan Children's Institute and the Department of Human Services to maintain oversight of youths who were taking part in the Young Adult Voluntary Foster Care program until age 21.

Senate Bill 438

The bill would amend Public Act 116 of 1973 to allow licensed child care organizations to maintain supervision of youths taking part in the Young Adult Voluntary Foster Care program until age 21.

Senate Bill 439

The bill would amend the Guardianship Assistance Act to allow for youths taking part in the Young Adult Voluntary Foster Care program to remain in guardianship until age 21.

Senate Bill 440

The bill would amend the Social Welfare Act to allow youths taking part in the Young Adult Voluntary Foster Care program to receive extended payments in an independent living situation or adoption.

Program Eligibility

The Fostering Connections Act has specific education and employment conditions that must be met in order for youths to qualify for the payments. Participation in one or more of the following activities is required: high school, classes to prepare for a general education diploma exam, full-time or part-time enrollment in a college, university or trade school, enrollment in a program designed to remove barriers to employment, or working at least 80 hours a month. Otherwise, a youth must have a medical condition that prevents participation in these activities.

Youths who have already left the system may not return to collect payments. Eligibility requirements state that the youths must sign the voluntary agreement and be determined for eligibility before they leave foster care. There are provisions that will allow youths to return, but only after they have already taken the option to extend and then gone on a trial independence.

In order to remain in the program, youths must continue to participate in one of the activities listed above. Compliance will be determined by biannual reviews with the court and monthly visits from caseworkers.

Issuance of Payments

Payments will be issued to either the youth or the caregiver, depending on the living situation. Youths in independent living will receive the payments directly. Payments for youths who are living in a foster home, are in the guardianship program, or are adopted will go to the provider.

Implementation Date

The Department's goal is to implement the new policies at the beginning of the upcoming fiscal year on October 1, 2011. The official date has yet to be defined, however. Title IV-E reimbursements from the Federal government will be available as soon as the Administration of Children and Families regional office has approved the amendment to the State plan and supporting State laws have been enacted. The actual changes to policy and programs must be in place before the extended payments can be made available to youths.

MCL 712A.Za et al. (S.B. 436)
400.203 (S.B. 437)
722.11 & 722.115 (S.B. 438)
722.876 (S.B. 439)
400.18c et al. (S.B. 440)

FISCAL IMPACT

Implementation of the Fostering Connections bill package would require approximately \$1.8 million in General Fund/General Purpose spending in FY 2011-12. The bill package would allow the State to draw down additional Federal Title IV-E dollars at the FMAP (Federal Medical Assistance Percentages) match rate for an estimated Gross increase of \$7.7 million. In FY 2011-12, the State's FMAP rate will be 66.14%, which means that the GF/GP match required to draw down Title IV-E funds will be 33.86%. Extended payments for foster children were included in the Governor's budget recommendation for FY 2011-12. There are three types of proposed extensions: foster care payments, adoption subsidies for youths who were adopted between the ages of 16 and 18, and guardianship program payments for youth who entered guardianship between the ages of 16 and 18. Most of the increased costs will be incurred in foster care payments.

The State Budget Office and Department of Human Services estimated that extending foster care payments to youths between the ages of 18 and 21 would result in additional spending of \$7.7 million Gross and \$1.8 million GF/GP in FY 2011-12. This estimate assumes that all of the projected eligible 585 youths will participate in the extended payments, and also phases in the projected costs to account for later enrollments due to birthdays and other issues. The estimate is also based on the assumption that some of the costs had begun to be phased in with the FY 2010-11 budget.

The ongoing costs of the extended foster care payments would be absorbed into the annual caseload adjustments. Assuming that all youths who would have aged out of the system take part in the program and remain compliant, the Department projects that 585 youths would be added to the caseload projections each year. The most recent estimate for foster care payments is \$24,500 per individual a year, which results in a maximum ongoing cost increase of \$14.3 million Gross.

The caseload estimates for both the extended adoption subsidies and guardianship assistance program payments are minimal. Federal requirements for extensions of both programs would require a youth either to have been adopted at a minimum of age 16, a rare occurrence, or to have entered the relatively new guardianship assistance program at a minimum of age 16. Therefore, the projected FY 2011-12 and FY 2012-13 costs of extending adoption subsidies are below \$40,000 Gross and \$30,000 GF/GP annually due to

an increased caseload of four and five cases, respectively. Based on the May caseload consensus, the average monthly adoption payment in FY 2011-12 is \$652.50. As there are no projected caseload extensions for guardianship assistance, there are no associated increased cost projections.

Additional Title IV-E Claimable Expenses

Under the Federal law, the State is able to claim Title IV-E reimbursements for associated administrative costs, training, and caseworker visits at the FMAP rate. The State Budget Office did not build in any additional administrative costs in the FY 2011-12 budget as a result of the Young Adult Voluntary Foster Care Act.

Other State Departmental Fiscal Considerations

Youths in foster care currently receive Medicaid until age 20. The extension of foster care, guardianship, and adoption payments until age 21 would have a minimal fiscal impact on Medicaid costs. A conservative estimate would place additional costs at \$3,000 Gross and \$1,000 GF/GP per individual youth. With 585 additional foster care cases, the maximum annual increase in Medicaid payments to the State would be \$1.8 million Gross and \$585,000 GF/GP in the long-run. Youths who have been adopted primarily receive private insurance and in cases where they do not, medical subsidies are available, so they do not receive Medicaid. There is no projected fiscal impact from youths in guardianship assistance in FY 2011-12.

Costs to Local Units of Government

The bill package is expected to reduce the financial obligations of local units of government. Youths who would receive extended payments under the Young Adult Voluntary Foster Care Act would be eligible for Title IV-E reimbursements, which requires a match from the State. Currently, counties must provide a 50-50 match with the State for payments to foster youths who are not Title IV-E-eligible through the Child Care Fund. Youths who receive payments through the Child Care Fund are able to do so until age 19. In FY 2011-12, it is expected that the Young Adult Voluntary Foster Care Act would reduce the local county share to the Child Care Fund by \$1.9 million. This decrease would result in a fund shift to the State. The courts would be required to review the extended cases every 180 days. This increased caseload is projected to result in a nominal fiscal impact.

Conclusion

Implementation of Senate Bills 435, 436, 437, 438, 439, and 440 would enact the Young Adult Voluntary Foster Care Act and amend associated laws to reflect the Act. The Act would extend foster care, guardianship, and adoption payments to youths who are between the ages of 18 and 21 and making the transition to adulthood.

The extended payments would be funded by Federal Title IV-E funding and State GF/GP at the FMAP match rate. Extended foster care payments would result in additional spending of \$7.7 million Gross and \$1.8 million GF/GP in FY 2011-12. The costs of extending adoption subsidies would be below \$40,000 Gross and \$30,000 GF/GP annually. As there are no projected caseload extensions for guardianship assistance, there are no associated increased cost projections.

The bill package is expected to reduce the financial obligations of local units of government. In FY 2011-12, the local county share to the Child Care Fund would be reduced by \$1.9 million. It is possible that the courts would experience minimal increased costs.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.