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FISCAL IMPACT REPORT

ORIGINAL DATE 1-31-06

SPONSOR Ryan LAST UPDATED _____ HB _____

SHORT TITLE PAYMENTS TO FAMILIES WITH FOSTER CHILDREN SB 398

ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$500.0	Recurring	General fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act, HAFC substitute for HB2 contains a \$500.0 recurring general fund increase for the foster care rate subsidy.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)

Administrative Office of the Courts (AOC)

SUMMARY

Synopsis of Bill

Senate Bill 398 appropriates \$500.0 from the general fund to Children, Youth and Families Department for the purpose of increasing payments by up to seventy-five dollars (\$75.00) per month for families with foster children.

FISCAL IMPLICATIONS

The appropriation of \$500.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

HAFC substitute for HB2 contains \$500.0 recurring general fund increase to be matched with federal funds.

The LFC recommendation contained \$750 from the general fund to be matched with federal funds.

CYFD requested an expansion of \$504.0 from the general fund to be matched with federal funds.

The Executive has recommended a \$200.0 appropriation accompanied by a \$578.0 federal match

SIGNIFICANT ISSUES

The federal match rate for the foster care program is approximately 25/75%, similar to the Medicaid federal match rate. It makes economical sense to fund foster rate increases due to the rich federal funds match.

The rate foster parents are reimbursed varies according to a schedule which pays more for the care of children with acute, special, or disabilities.

CYFD provided the following statement:

The exact amount of the increase that foster parents could be given with the appropriation cannot be determined at this time. It would depend upon the level of federal revenue that could be generated to match this appropriation and the number of children in custody at the time the increase was implemented.

The foster payment rate has not increased since 1993. The bill may encourage individuals or families to become foster parent(s) potentially reducing the shortage of foster parents.

Administrative Office of the Courts provided the following statement:

Foster families frequently express that they have hardship for being underserved by assistance and services in their care of foster children in state custody. Insufficient resources may contribute to unsuccessful or difficult foster placements and limit recruitment and retention of foster families, for which the state continuously suffers shortfall. Lack of foster families limits the state's options and success in providing foster placement. Limited permanency and long-term foster placement is one of the biggest challenges of the foster care system. Although foster families receive state assistance, they often report deficient resources and the necessity of paying for services out-of-pocket. CIP supports CYFD efforts to provide additional foster families, such as their recent Casey Family to Family initiative, and recognizes that additional financial assistance will contribute to their success, along with that of the families who care for the state's foster children. Successful placement, as defined by child safety, permanency and well-being, is the mission of the judiciary, as well.

ADMINISTRATIVE IMPLICATIONS

There is no administrative allocation in this appropriation. CYFD would have to absorb the added cost.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to Appropriation in the General Appropriation Act, HAFC substitute for HB2 contains a \$500.0 recurring general fund increase for the foster care rate subsidy.

TECHNICAL ISSUES

Foster families in New Mexico have not had a rate increase since 1993. Almost all employers provide a cost of living adjustment. The foster care rate subsidy should be included with State of New Mexico employees' pay increases. Foster families are quasi-employees of the state.

OTHER SUBSTANTIVE ISSUES

Although the bill has no direct impact to the Judiciary, in the AOC's court improvement project (CIP) task force, the judiciary works with CYFD and other stakeholders and interested parties in trying to improve child welfare and the judicial process for children and families in the foster care system and involved in foster care, abuse, neglect, dependency and adoption cases. While foster children are in the custody of CYFD's protective services, the department's actions, care and efforts to achieve permanent placement are under the supervision of district court judges. In pursuit of measurable improvement in the welfare of foster children, the courts are partners with CYFD; this has recently been emphasized by the children's bureau of the federal administration for children and families who administer the child and family service review (CFSR) assessment of the foster care system and provide funding for both CYFD's protective services and AOC's CIP. The judiciary, as well as the department, must follow federal and state requirements to provide safety, permanency and well-being for foster children.

ALTERNATIVES

Create a new non-reverting fund that is endowed with \$500.0 from the general fund. Interest/income earned on the fund could be used to fund annual increases in the rate subsidy.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo

DL/mt