

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6797**

**BILL NUMBER: SB 287**

**NOTE PREPARED: Jan 12, 2012**

**BILL AMENDED: Jan 12, 2012**

**SUBJECT:** Department of Child Services.

**FIRST AUTHOR:** Sen. Lawson C

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill has the following provisions:

- (1) Makes conforming changes to the Interstate Compact for the Placement of Children.
- (2) Changes references of the "county office of family and children" to the correct agency.
- (3) Adds Title IV-D of the Social Security Act to the list of programs to which an agency may disclose a Social Security number.
- (4) Removes a requirement that a local child protection team shall assist the Department of Child Services Ombudsman with redacting or reviewing certain reports.
- (5) Removes a duty of the Division of Family Resources to administer preservation services to high-risk youth.
- (6) Removes language regarding deposits by the Family and Social Services Administration (FSSA) into the Child Welfare Services Account.
- (7) Removes language requiring the Department of Child Services (DCS) to prepare information to the State Board of Accounts.
- (8) Requires certain information to be included in a paternity affidavit.
- (9) Removes language requiring the DCS to investigate and report to a court regarding the conditions of a minor and the fitness of a guardian if ordered by a court.
- (10) Makes statutes consistent regarding the age of a child that a person may give up under the safe haven statute.
- (11) Provides that the DCS has authority to direct a change of payee to the appropriate government agency when there is an assignment under Title IV-A or IV-E.
- (12) Removes the requirement that an obligee must disclose the person's Social Security number on certain child support-related forms.

- (13) Changes references to the Indiana Support Enforcement Tracking System to include the successor statewide automated support enforcement system.
- (14) Makes changes to background check statutes to be consistent with federal law.
- (15) Requires the DCS to consult with the Division of Family Resources regarding the adoption of rules concerning child caring institutions and group homes that are licensed for infants and toddlers.
- (16) Modifies statutes concerning licensing procedures and criminal history checks that the DCS performs.
- (17) Removes certain facilities that may be licensed as a secure private facility.
- (18) Removes the requirement that the DCS must purchase one computer for every two case managers.
- (19) Provides that certain Title IV-D fees may be set according to rules adopted by the DCS.
- (20) Provides that a corrective action for emergency protection of children includes a hold on new placements.
- (21) Requires the DCS to advise a parent who is voluntarily relinquishing their parental rights that the parent's consent may not be based upon a promise regarding the child's adoption or contact of any type with the child after the parent voluntarily relinquishes parental rights.
- (22) Requires the DCS to require a consumer report on certain children in state foster care.
- (23) Requires a court to enter findings of fact that support the entry of its conclusions granting a termination of parental rights.
- (24) Repeals the County Child Advocacy Fund.
- (25) Repeals language requiring the DCS and Probation Department make progress reports on certain children.
- (26) Repeals language regarding destitute children.
- (27) Repeals the definition of "kinship caregiver".
- (28) Adds cross references and makes technical corrections.

**Effective Date:** July 1, 2012.

**Summary of Net State Impact:** By making changes to current statute governing the federal IV-D program, this bill may result in a net increase in state expenditures of \$32,000 per year to process IV-D program applications for services and finance a \$1 application fee for individuals who apply for IV-D program services. This estimate assumes the DCS will adopt administrative rules that will reduce the federal IV-D application for services fee from \$25 to \$1 and that the DCS will finance the application fee. Currently, IV-D program applicants who are not otherwise eligible for the IV-D program are required to pay the \$25 application fee under administrative rules.

|  |                   |
|--|-------------------|
| New Expenditure Under Bill                     | (\$40,000)        |
| Loss of Revenue from Application Fees          | (\$44,000)        |
| Decrease in Admin Expenditures to Process Fees | \$52,000          |
| <b>Net State Impact Annually</b>               | <b>(\$32,000)</b> |

Additionally, the changes in this bill are expected to increase federal revenue the state receives from the federal IV-E program and may increase revenue the state receives from the IV-D program. Actual increases in federal revenue the state receives are indeterminable.

**Explanation of State Expenditures:** The following changes in the bill are expected to have a fiscal impact on the state.

*IV-D Program:* See Explanation of State Revenues.

**Explanation of State Revenues:** The following changes in the bill are expected to have a fiscal impact on the state.

*IV-E Program:* The changes made to licensing procedures and criminal history checks the DCS performs is meant to conform Indiana statute with federal requirements under the IV-E program. Federal law prohibits the DCS from placing a child with an individual who has been convicted of a drug-related offense in the past five years. Federal law includes alcohol-related felony convictions in the definition of drug-related offense, but references in Indiana Code does not.

The DCS reports that amending Indiana Code to reflect federal guidelines for drug-related offenses will make the state eligible for additional federal reimbursement under the IV-E program. As a result of this bill, revenue the state receives from federal reimbursement may increase.

*IV-D Program:* Under current administrative rules adopted by the DCS, individuals who are not otherwise eligible for federal IV-D services may request IV-D services to collect child support provided they pay a one-time \$25 application fee. The bill will allow the DCS flexibility to determine who pays the fee for IV-D services and establish the fee amount. Federal IV-D guidelines specify a fee must be charged for IV-D services if the applicant is not otherwise IV-D eligible, but does not specify the fee amount.

The DCS reports other states have successfully implemented a \$1 fee for access to IV-D services that are paid by the state in order to eliminate administrative overhead associated with processing a fee collected by IV-D applicants. If the DCS were to implement a similar approach with the statutory changes made to the IV-D application fee requirement and assuming the DCS were to reduce the IV-D application fee to \$1 by rule, state expenditures are expected to increase to provide the application fee at no cost to the applicant.

(i) Current IV-D Application Revenue: If an administrative rule is adopted that decreases the current IV-D application fee from \$25 to \$1, the state stands to lose revenue from the application fee. Currently, 66% of the IV-D application fee is forwarded to the federal government, resulting in the state retaining approximately \$8.50 per application.

For FY 2009 (the most recent year data is available), the DCS reports 5,194 IV-D applications were filed (where a one-time \$25 would have been required). This bill is expected to result in a decrease in state revenue from application fees by approximately \$44,000 in revenue per year.

(ii) Current IV-D Application Processing Administrative Costs: The DCS reports administrative costs to process these fee payments were \$10 per application. FY 2009 state expenditures to process 5,194 IV-D applications were approximately \$52,000.

(iii) Proposed IV-D Application Processing Administrative Costs and Expenditures: The DCS reports the proposed administrative rule changes would decrease administrative costs to process IV-D application payments. The state expenditures to provide one part-time staff position to process payments and provide the \$1 application fee would be approximately \$40,000 per year.

(iv) Impact on Federal IV-D Revenue: With the statutory changes made to the IV-D application fee requirement (and assuming the DCS were to reduce the IV-D application fee to \$1 by rule), the number of individuals who receive IV-D program services is expected to increase. As a result, child support collections in the state are also expected to increase.

If this bill (coupled with the administrative rule change previously mentioned) increases child support payment collections in the state, the state may receive additional federal incentive funds under the IV-D program. A higher child support collection rate can result in Indiana being more competitive with other states for IV-D incentive funds.

*Background Information- Federal IV-E Program:* The federal Title IV-E program does not use performance metrics to determine federal reimbursement amounts (unlike the federal Title IV-D program). Rather, the IV-E program functions much like the Medicaid program. States are reimbursed a percentage of their total IV-E costs. For FFY 2011, Indiana received approximately \$62.3 M in IV-E reimbursement. The current reimbursement (FMAP) for Foster Care and Adoption per diem is approximately 67%.

*Federal IV-D Program:* The federal IV-D program consists of a static amount of performance-based grants awarded to states (on a competitive basis) depending on performance regarding specified metrics. These metrics include: (1) paternity-establishment performance level, (2) support order enforcement performance level, (3) current payment performance level, (4) arrearage performance level, and (5) cost-effectiveness performance level.

Indiana's most recent performance rankings under the IV-D funding metrics for FFY 2010 are as follows: (1) 11th in paternity establishment, (2) 41st in support order establishment, (3) 35th in current support collections, (4) 19th in cases paying on arrears, and (5) 5th in cost-effectiveness. The first three metrics have more weight than the last two metrics when calculating the IV-D funding a state receives. For FFY 2010, Indiana received \$12,201,978 in IV-D funding, which was an decrease from FFY 2009 of \$363,065.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DCS.

**Local Agencies Affected:**

**Information Sources:** Brady Brookes, DCS.

**Fiscal Analyst:** Bill Brumbach, 232-9559.