2007 Regular Legislative Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER	R: SB 282	STATUS: B-Engrossed
SUBJECT: Modifie	s the statutory def	finition of foster home; requires Department of Human Services
to adopt payment stand	ards for foster can	re by rule
GOVERNMENT UNI	IT AFFECTED:	Department of Human Services
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REVIEWED BY: Sh	neila Baker	
DATE: June 21, 2007		

		<u>2007-2009</u>	<u>2009-2011</u>
EXPENDITURES:			
Department of Human Services			
Special Payments – General Fund		\$ 1,768,501	\$ 3,885,850
Special Payments – Federal Fund		\$ 422,355	\$ 897,224
	Total	\$ 2,190,856	\$ 4,783,074

EFFECTIVE DATE: January 1, 2008

GOVERNOR'S BUDGET: This bill is anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This measure modifies the statutory definition of "foster home" to include a person related by blood or marriage who maintains a foster home for a child related to the child by blood or marriage [i.e., "relative caregiver"]. The Department of Human Services (DHS) would be required to adopt administrative rules for payment standards for foster care, and may consider the financial circumstances of relative foster caregivers in setting those payment standards.

DHS estimates an average of 471 children in the 2007-09 biennium would be placed with family caregivers who would not otherwise receive reimbursement. The 18-month cost to reimburse all those relative caregivers would be \$4,747,203 General Fund and \$1,120,588 Federal Funds. However, DHS' fiscal impact estimate assumes it would adopt administrative rules to implement an income means test for relative foster caregivers, and begin reimbursement July 1, 2008.

DHS expects to establish income eligibility at or below 150% of the Federal Poverty Level (FPL). For a family of four, the FPL is \$20,650; the 150% FPL limit would be \$30,975 for that family. DHS estimates about 56% of relative caregivers have incomes at or below 150% FPL. For the 2008-09 fiscal year, DHS estimates it would pay regular foster care payments of \$453.88 per month for 264 children. Half of those children would also receive a Special Rates payment of \$613.47 per month, for a total payment of \$1,067.35. For the 2009-11 biennium, DHS estimates it would pay regular foster care monthly payments of \$474.28 for 277 children; half of these would also receive a Special Rates payment of \$625.47 per month, for a total payment of \$1,099.75. These costs are offset in part by reductions in Non-Needy Caretaker Grants, estimated at \$218,772 in 2007-09 and \$458,784 in 2009-11.

DHS thus estimates the total fiscal impact of this measure at \$2.2 million for 2007-09 and \$4.8 million for 2009-11. Special Rates payments are eligible for Federal Funds match of about 44%, so the total cost is split about 81% General Fund and 19% Federal Funds. The fiscal impact is Special Payments made to relative caregivers. The Department has said it will revise its current forms and processes to determine income eligibility, and expects no added administrative costs as a result. HB 5031 (DHS' budget bill) funds the fiscal impact with an income means test and July 2008 start-up as assumed above.