

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2052 - B

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal Office

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Measure Description:

Modifies the definition of "child" for purposes of payments to subsidize adoption made by Department of Human Services. Requires department to pay nonrecurring adoption expenses in adoption of child with special needs. Clarifies limits on payments to adoptive parents. Requires parents receiving adoption payments to inform department of circumstances affecting eligibility. Authorizes the Department of Human Services to determine qualification for and set amount of adoption payments through negotiations with adoptive parents.

Government Unit(s) Affected:

Department of Human Services (DHS), Employment Department

Expenditure Impact:

See Analysis

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.

Analysis:

House Bill 2052 B Engrossed:

1. Modifies the definition of "child" for purposes of payments to subsidize adoption made by Department of Human Services (DHS).
2. Requires department to pay nonrecurring adoption expenses in adoption of child with special needs.
3. Clarifies limits on payments to adoptive parents.
4. Requires parents receiving adoption payments to inform department of circumstances affecting eligibility.
5. Authorizes the Department of Human Services to determine qualification for and set amount of adoption payments through negotiations with adoptive parents.

Passage of this bill is expected to realize a cost savings of approximately \$10,405 Total Funds and increase federal matching funds by approximately \$1.8 million for the Department of Human Services.

Modifying the definition of "child" to include individuals under 21 years of age, under certain circumstances will allow DHS to leverage increased federal funding options available for foster care, guardianship and adoption assistance subsidies. According to DHS, the agency currently provides financial support for this category of youths in other programs. These modifications will not have an impact on General Fund expenditures, but will allow the department to claim federal Title IV-E Foster Care and Adoptions Assistance funds for these payments. This is expected to increase federal matching funds by approximately \$1.8 million. There is no fiscal impact from the requirement to pay nonrecurring expenses for adoptions of children with special needs. This is current practice.

In addition, in order to comply with federal law, this bill amends statutes relating to subsidy payments made to adoptive parents. The bill removes the requirement that DHS must annually re-determine the amount of payments, allowing the department to renegotiate with adoptive parents only when there is a change in circumstances of the adoptive parents or the needs of the child. This change allows the

department to discontinue the annual mailing of redetermination letters to approximately 11,000 clients. The department estimates this cost savings to be approximately \$10,405 (\$4,266 General Fund and \$6,139 Federal Funds). Although passage of this bill may also result in fewer redeterminations, and therefore a reduction in workload, the department anticipates no decrease in positions or FTEs due to workload reprioritization.

This bill requires DHS to provide an opportunity for a contested case hearing to any individual affected by the department's determination and re-determination decision or order. Existing law provides an opportunity for a contested case hearing only when DHS suspends or terminates payments prior to the 18th birthday of the child. This change will require the Office of Administrative Hearings (OAH) managers to work with DHS managers to develop new referral and hearing procedures, as well as additional program oversight and training of staff. The Employment Department estimates the cost of this training and change in procedures to be a minimal one-time cost of \$2,322 Other Funds during the 2011-13 biennium. The Office of Administrative Hearings charges for services to referring agencies.