



SB 102 – Adoption Applicable Child Savings Fund

Summary: Establishes an Adoption Applicable Child Savings Fund that is separate and distinct from the General Fund.

Need for policy change: Federal law expanded Title IV-E eligibility for children who receive adoption assistance subsidies who would without this expansion be funded only by General Funds. This increase in federal reimbursement to the Department of Human Services has resulted in a savings of General Funds that, by federal law, must be reinvested for new or expanded child welfare services.

It is not possible to spend an amount during a biennium that is exactly equal to the amount saved, because the savings are calculated after the federal funds have been claimed. This means each biennium, the Department of Human Services will need General or Other Funds for savings received in the prior biennium. If not received, the State runs the risk of getting so far behind in reinvesting that we're not able to comply with the federal law.

As a solution, the Department of Human Services proposes to set up a fund that is separate and distinct from the General Fund, the "Adoption Applicable Child Savings Fund." Money placed in the fund would not revert back to the General Fund at the end of each biennium, allowing the Department of Human Services to reinvest the savings, as required by federal law.

Impact if not approved: If the Department of Human Services does not comply with the law, we will be subject to a penalty requiring the State to pay the state funds savings back to the federal government.

Fiscal Impact: The fiscal impact is \$6.3 million in Other Funds. This is the estimated Applicable Child General Fund savings to be realized in 2017-19. The General Fund amount would be transferred to the Adoption Applicable Child Savings Fund.

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