

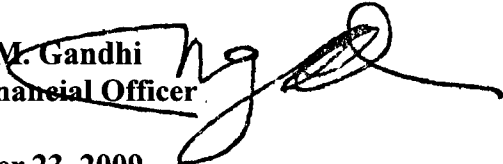
Government of the District of Columbia  
Office of the Chief Financial Officer



Natwar M. Gandhi  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** November 23, 2009

**SUBJECT:** Fiscal Impact Statement: "Adoption and Guardianship Expansion Act of 2009"

**REFERENCE:** Bill 18-453, As Introduced

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**Conclusion**

Funds are not sufficient in the FY 2010 through FY 2013 budget and financial plan to implement the provisions of the proposed legislation. The proposed legislation would impose a negative fiscal impact of \$250,000 in FY 2010, but would result in net savings of \$3.9 million over the financial plan period.

All of the costs associated with the bill would fall on the Child and Family Services Agency (CFSA) and in FY 2010 the financial impact on CFSA would be negative. However, over the four year period, CFSA would realize positive net savings of approximately \$1.5 million. Starting in FY 2011, the Office of the Superintendent of Schools (OSSE), the Department of Mental Health (DMH), the Department of Health Care Finance (DHCF) and the Office of the Attorney General (OAG) would all also realize savings. Table 1 outlines the estimated fiscal impact of the proposed legislation on the Local General Fund by agency for the FY 2010 through FY 2013 Financial Plan period.

<b>Table 1 - Estimated Fiscal Impact of B18-453 on the Local General Fund, By Agency FY 2010 through FY 2013</b>					
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Four Year Total</b>
CFSA	(\$250,000)	\$260,407	\$563,505	\$925,244	\$1,499,156
OSSE	\$0	\$322,147	\$679,836	\$1,075,612	\$2,077,595
DMH	\$0	\$37,998	\$75,996	\$113,994	\$227,988
DHCF	\$0	\$11,188	\$22,823	\$34,919	\$68,929

<b>Table 1 - Estimated Fiscal Impact of B18-453 on the Local General Fund, By Agency FY 2010 through FY 2013</b>					
<b>OAG</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$46,075</b>	<b>\$46,075</b>
<b>Net Fiscal Impact</b>	<b>(\$250,000)</b>	<b>\$631,739</b>	<b>\$1,342,159</b>	<b>\$2,195,844</b>	<b>\$3,919,742</b>

## Background

The proposed legislation would make the following changes to adoption and guardianship subsidies with the goal of increasing permanency outcomes for foster care children:

- Extend the eligibility for adoption subsidies and guardianship subsidies until the age of 21. Currently, adoption and kinship guardianship subsidies end when the child turns 18. However, foster care subsidies are available until the individual turns 21.
- Delete statutory provisions that limit the availability of guardianship subsidies to approved kinship foster parents caring for children in CFSA's legal custody. This would allow non-kinship foster parents and third party placements to also be eligible for guardianship subsidies.
- Provide the Court the jurisdiction to enter a guardianship order and enforce, modify, or terminate a guardianship order until the child reaches 21 years of age. Currently, the Court only has jurisdiction to enter a guardianship order until the child reaches 18. In effect, this simply allows individuals to be "guardianed" until 21.
- Amend the definition of "child" for purposes of the guardianship statute to include individuals up to age 21 with open neglect cases.
- Provide that the provisions would only affect adoptions and guardianships that were finalized on or after the effective date of the bill. As a result, adoptions and guardianships finalized prior to that date would not be eligible for the extension of adoption and guardianship subsidies until the age of 21 or for any non-kinship guardianship subsidy.

The legislation would maintain the status quo of not providing adoption or any type of guardianship subsidy to children ages 0 to 2. It also would have no effect on foster care subsidies for children of any age. Table 2 provides a summary of who would receive subsidies under the proposed legislation and who currently receives them, as well as information on federal reimbursements. While the federal reimbursements are not changed by the proposed legislation, sections of the federal "Fostering Connections to Success and Increasing Adoptions Act of 2008" ("Fostering Connections"),<sup>1</sup> which go into effect on October 1, 2010, extend federal reimbursement for foster care, adoption and guardianship subsidies for youth ages 18 to 21 under certain circumstances.<sup>2</sup>

<sup>1</sup> Pub. L. 110-351, § 201(c) (2008).

<sup>2</sup> First, the Fostering Connections legislation permits states to continue federal kinship guardianship assistance up to age 21 for any child who has a mental or physical handicap that the state determines warrants this continued assistance (as is currently the case for adoption assistance). CFSA has not yet determined which mental or physical handicaps warrant such assistance, but it is our understanding that they are in the process of doing so. Second, the Fostering Connections legislation permits states to claim Title IV-E for foster care reimbursement for young adults

Thus, Fostering Connections has important implications for both the costs and savings related to the proposed legislation. In fact, the fiscal impact analysis assumes that the extended guardianship and adoption subsidies for youth ages 18 to 21, as well as the new subsidy for non-kinship guardianships, would not go into effect until October 1, 2010—the same time the federal changes go into effect.<sup>3</sup> Therefore, in the analysis, these subsidies would always be eligible for the new federal reimbursement provided by Fostering Connections.

	<b>Status Quo: Subsidy Recipients</b>	<b>Proposed Legislation: Subsidy Recipients</b>	<b>Status Quo: Federal Reimbursement</b>	<b>Fostering Connections: Federal Reimbursement</b>
<b>Foster Children Ages 2 -18</b>	Annual subsidy of \$12,249 <sup>a</sup>	No Change	68% eligible for federal funding <sup>b</sup> (70% federal, 30% local)	No Change
<b>Foster Children Ages 18-21</b>	Annual subsidy of \$12,249	No Change	No federal funding available	34% eligible for federal funding (70% federal, 30% local)
<b>Adopted Children Ages 2-18<sup>d</sup></b>	Annual subsidy of \$12,249	No Change	80% eligible for federal funding (70% federal, 30% local)	No Change
<b>Adopted Children Ages 18-21<sup>d</sup></b>	No Subsidy	Annual subsidy of \$12,249	Limited federal funding available <sup>c</sup>	40% eligible for federal funding (70% federal, 30% local)
<b>Kin Guardianships Ages 2-18<sup>d</sup></b>	Annual subsidy of \$12,249	No Change	68% eligible for federal funding (70% federal, 30% local)	No Change

between the ages of 18 and 21, and for adoption and guardianship reimbursement for young adults between the ages of 18 and 21 who reached permanency after the age of 16, providing the at least one of the following criteria are met:

- Youth is completing his/her secondary education or a program leading to an equivalent credential;
- Youth is enrolled in an institution which provides postsecondary or vocational education;
- Youth is participating in a program or activity designed to promote, or remove barriers to, employment;
- Youth is employed for at least 80 hours per month; or
- Youth is incapable of doing of the activities described in the activities outlined above due to a medical condition.

<sup>3</sup> The legislation does not specify that the new subsidy policy would not go into effect until October 1, 2010. However, this assumption was made both to simplify the analysis and because the processing of an adoption and/or guardianship can take a number of months, thus making it unlikely that any new guardianships or adoptions that would be eligible for the new or expanded subsidies would occur before the start of FY 2011. For instance, according to CFSA, it should take approximately 8 months from the date of the termination of parental rights (TPR) to the finalization of an adoption, but in practice it often takes longer. Granted if some kids are already close to the process of finalization at the time of the implementation of this bill, their adoptions or guardianships would be finalized earlier.

<b>Table 2 - Summary of the Policies Proposed by B18-453 Relative to Status Quo and Fostering Connections</b>				
	<b>Status Quo: Subsidy Recipients</b>	<b>Proposed Legislation: Subsidy Recipients</b>	<b>Status Quo: Federal Reimbursement</b>	<b>Fostering Connections: Federal Reimbursement</b>
<b>Kin Guardianships Ages 18-21<sup>d</sup></b>	No Subsidy	Annual subsidy of \$12,249	No federal funding available	34% eligible for federal funding (70% federal, 30% local)
<b>Non-Kin Guardianships Ages 2-21</b>	No Subsidy	Annual subsidy of \$12,249	No federal funding available	No Change

<sup>a</sup> This is the annual subsidy for FY 2010. Each year it increases by 3.5 percent.

<sup>b</sup> Eligibility for federal funding (Title IV-E) was provided by CFSA. Eligibility differs based on the age of children involved and the type of subsidy. Eligibility for foster care subsidies is linked to the AFDC status of the family from which CFSA removed the child. To be eligible for adoption subsidies, the child must meet one of these four requirements: 1) the child was eligible for AFDC; 2) the child was eligible for SSI; 3) the child's parent was in foster care and receiving Title IV-E funds; or 4) the child previously received adoption assistance, and his or her adoptive parent died or the adoption was dissolved. To be eligible for kinship guardianship subsidies, the child must have been cared for by prospective relative guardians in foster care for six consecutive months and the child must be eligible for federal foster care payments in the home of the relative caregiver. In general, in relation to foster care subsidies, eligibility is broader for adoption subsidies and narrower for kinship guardianship subsidies.

<sup>c</sup> Under the American Recovery and Reinvestment Act of 2009 (ARRA), the District's reimbursement rate is increased to 76.2 percent until the end of the 2010 calendar year. Thus it is 76.2 in FY 2010, 71.55 in FY 2011 and 70 thereafter.

<sup>d</sup> To clarify, the subsidy ends when the child turns 18. The extended subsidy (18-21) would end when the youth turns 21.

<sup>e</sup> Under current law, states are eligible for federal reimbursement for adoption subsidies up to age 21 for any child who has a mental or physical handicap that the state determines warrants this continued assistance. However, since DC currently does not take advantage of this, it is not clear what percent of the population would be eligible.

### **Financial Plan Impact**

Funds are not sufficient in the FY 2010 through FY 2013 budget and financial plan to implement the provisions of the proposed legislation. The proposed legislation would impose a net cost of \$250,000 in FY 2010, but would result in net savings of \$3.9 million over the FY 2010 through FY 2013 budget and financial plan period. All of the costs associated with the bill would fall on the Child and Family Services Agency (CFSA), and in FY 2010 the CFSA would see a negative impact of \$250,000. Over the four year period, CFSA would realize positive net savings of approximately \$1.5 million.

The Office of the Superintendent of Schools (OSSE), the Department of Mental Health (DMH), the Department of Health Care Finance (DHCF) and the Office of the Attorney General (OAG) would all also realize savings as a result of the proposed legislation.

Following analysis of the proposed legislation, Table 4 on page 11 provides details of the fiscal impact.

### ***Analysis of the Proposed Legislation***

The main goal of this legislation is to increase the permanency outcomes for children in the foster care system. The first way the proposed legislation intends to do so is by extending adoption and kinship guardianship subsidies until the age of 21. Currently, there is a greater monetary incentive to be a foster parent instead of an adoptive parent or a guardian: subsidy payments continue until 21 for foster care, but end at 18 for adoption and kinship guardianships. Thus, by making all three options financially the same, those who would have adopted or entered into a kinship guardianship with a child but for the lack of the subsidy payment, would now do so.<sup>4</sup>

The other way the proposed legislation intends to increase permanency outcomes is to offer non-kinship guardianships for the first time. The assumption is that there are prospective guardians and foster parents who would like to be non-kinship guardians for children currently in foster care, but are not due to the lack of any financial support. In order not to create any imbalance among these options, non-kinship guardianship subsidies would also be offered until the age of 21.

To the extent that such subsidies actually motivate current foster parents and prospective adoptive parents and guardians to offer permanency to kids in foster care, the proposed legislation would result in net savings.

First, in terms of subsidies, the only significant increases in costs would come from: a) having to pay the *full* cost of the subsidy for non-kinship guardianships (if these children remained in foster care, a portion of them would have been eligible for federal reimbursement); and b) providing adoption and guardianship subsidies for youth 18 to 21 who would have been adopted or guardianed without the proposed legislation (under current law they would not be given any subsidy). For those 18 to 21 year olds who are adopted or enter into a kinship guardianship as a result of the proposed legislation, there is no significant change in subsidy costs because under current law, they would have stayed in foster care and received a foster care subsidy of approximately the same amount.<sup>5</sup> Second, there would be an increase in costs for guardianship and adoption services provided by CFSA. Lastly, there would be a one-time cost for updating CFSA's Statewide Automated Child Welfare Information System with the new eligibility rules.

All of these costs, though, are less than the current level of local expenditure that supports a foster child. Some of these expenditures, such as those related to contracted services and congregate care, occur regardless of where the child is adopted or guardianed. Other expenditures, such as school tuition, occur only if the child is adopted or guardianed outside of the District.

These costs and savings are described below.

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<sup>4</sup> In reality, subsidies differ based on age, needs of the child and type. However, the average subsidy for each type is basically the same. For the fiscal impact analysis, they are assumed to all be equal.

<sup>5</sup> See footnote 3.

### Costs Incurred Because of the Proposed Legislation

As described above, these costs are related to subsidies, services and information technology (IT).

#### 1. Adoption and Guardianship Subsidies.

- *Non-Kinship Guardianships for individuals between 2-21 years of age:* \$12,249 per child. (Under current law, these children would have been given a foster care subsidy instead.)
- *Adoption and Kinship Guardianships for all those between 18-21 years of age:* \$3,675 per child for 37 percent of the population who are eligible for federal reimbursement (as of October 1, 2010); and \$12,249 per child for 32 percent who are not eligible for federal reimbursement. This would be given to both individuals currently under 18 that would have been adopted or guardianshiped regardless of the policy change (under current law their subsidies would have stopped when they turned 18)<sup>6</sup>; and those adopted or guardianshiped as a result of the policy change (under current law these youth would have been given a foster care subsidy instead).
- *Adoption and Guardianships for those under 18 resulting from the policy change:* \$3,675 per child for 74 percent of the population who are eligible for federal reimbursement; and \$12,249 per child for 26 percent who are not eligible for federal.<sup>7</sup> (Under current law, these children would have been given a foster care subsidy instead.)

#### 2. Services.

- *Post permanency:* \$300 per child. CFSA provides these services via a private provider at a post permanency center and related support (e.g., counseling) to individuals that have been adopted or guardianshiped.
- *Non-recurring adoption costs:* \$1,800 per adoption.<sup>8</sup> CFSA pays for attorneys for some adoption proceedings.

#### 3. IT Costs. One-time changes would have to be made to FACES.NET (CFSA's Statewide Automated Child Welfare Information System)<sup>9</sup>, which would result in a one-time total cost of approximately \$500,000.<sup>10</sup> However, since 50 percent of this amount would be reimbursed by the federal government under Title IV-E, the cost to CFSA would only be \$250,000.<sup>11</sup>

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<sup>6</sup> Guardianships over 18 are not allowed under current law. Adoptions over 18 are allowed, but they rarely, if ever, occur. For this reason, there would not be any individuals who would qualify for the extended 18-21 adoption or guardianship subsidy in FY 2010. Starting in FY 2011, there would be individuals as those 17 yearolds who were adopted or guardianshiped in FY 2010 (again these are the result of the current not the proposed law) would now be 18. See Table 6 in the Appendix for more detail.

<sup>7</sup> 74% is the average of the adoption eligibility rate of 80% and the guardianship eligibility rate of 68%.

<sup>8</sup> This is the local share for these costs. The federal government does reimburse CFSA for 50% of these costs. The lower reimbursement rate is because these are considered administrative costs.

<sup>9</sup> FACES.NET is a comprehensive case management system that supports CFSA in all areas of critical business functions. Title IV-E Foster Care, Adoption and Guardianship eligibility is a fully-automated, system-generated determination based on the data maintained in FACES.NET.

<sup>10</sup> CFSA estimated the cost based on previous similar upgrades to the system, such as the new IV-E Eligibility Determination Module for the Guardianship Assistance Program under Fostering Connections. The work took about 10 months from start to finish. CFSA believes the upgrades needed to comply with the proposed legislation would be more complicated because they would also require development of a fairly robust ongoing redetermination

### Current Foster Care Costs (Potential Savings)

The following are costs that are currently incurred by the District, but which could be avoided if foster care children were adopted or guardianed.

#### 1. Annual Foster Care Subsidies.

- *Traditional Foster Care for those under 18:* \$3,675 per child for 68 percent who are eligible for federal reimbursement; and \$12,249 per child for 32 percent who are not eligible for federal reimbursement.
- *Traditional Foster Care for those over 18:* \$3,675 per child for 34 percent who are eligible for federal reimbursement (as of October 1, 2010); and \$12,249 per child for 66 percent who are not eligible for federal reimbursement.<sup>12</sup>

#### 2. Congregate Care (or Group Home) Costs. The local share of the costs for such care is \$18,500 per year per child. However, because it is not clear how long children remain in congregate care, it is assumed that the child would have remained in congregate care no more than a year. After that, it is assumed that the child would return to traditional foster care.<sup>13</sup>

#### 3. Contracted Services. CFSA provides some additional services to foster children, such as tutoring. CFSA estimates the average cost of contracted services for each child in foster care is \$6,800.

#### 4. Health Costs.

- *Medicaid:* If a child is adopted outside of the District, DHCF no longer pays Medicaid costs for these children. However, DHCF continues to pay Medicaid costs for all guardianed children, even if they live outside of the District. The local share of the average cost for Medicaid per child is approximately \$1,200.
- *Mental Health Care Costs:* The Department of Mental Health pays for additional mental health care costs for foster care children of approximately \$4,000 per child.<sup>14</sup>

#### 5. Personnel.

- *CFSA:* As caseloads are reduced, CFSA would be able to eventually reduce the number of Social Workers (Grade 11), Social Service Assistants (Grade 8) and Social Worker Supervisors (MS 13).<sup>15</sup>
- *OAG:* The OAG would also be able to reduce the number of lawyers (Grade 13) who work on foster care cases.

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mechanism.

<sup>11</sup> In order to be federally reimbursed, CFSA would need to submit to a plan to the Administration for Children and Families (ACF) for approval. CFSA is confident that such approval would occur given previous experiences and current law regarding Title IV-E funding. However, if CFSA did not submit the necessary documentation or if their request was denied, this could have serious consequences. If there was not adequate funding for the FACES.NET upgrades, it would not be possible to get federal reimbursement for adoptions, kinship guardianships and foster care subsidies for ages 18-21. As a result, the costs would be much higher.

<sup>12</sup> Currently, there is no federal reimbursement for foster care subsidies for youth 18-21.

<sup>13</sup> This approach was taken in an effort to capture the likely savings from congregate care, but also to be conservative in how much these savings would amount to.

<sup>14</sup> The \$4,000 is a per claim per child cost.

<sup>15</sup> CFSA may face institutional barriers to reducing staff, which would impact their ability to realize agency savings.

6. Education. OSSE would no longer have to pay out-of-state tuition at public schools in surrounding counties for foster care children that are adopted or guardianship out-of-state. The average tuition at county public schools is \$12,000 for standard and \$26,000 if the child has special education needs.<sup>16</sup>

#### New Adoptions and Guardianships Resulting from the Proposed Legislation

The below analysis heavily relies on key assumptions about the number of children who would be adopted, enter into kinship guardianships and enter into non-kinship guardianships because of the proposed legislation; their age distributions; and their placement before permanency. To estimate these numbers, the analysis draws from a paper entitled "Extending and Expanding Adoption and Guardianship Subsidies for Children and Youth in the District of Columbia Foster Care System: Fiscal Impact Analysis," by Professor Mary Hansen (American University) and Josh Gupta-Kagan (Senior Attorney, Children's Law Center). Professor Hansen used detailed data on foster care cases between 2004 and 2008 provided by CFSA to project new adoptions and kinship guardianships that would result from the proposed legislation, as well as their age distribution and placement before permanency. Additional information from a randomized controlled experiment in Illinois was used to determine the number of non-kinship guardianships.<sup>17</sup> The final projection was 141 new adoptions and guardianships per year.

Based on conversations with CFSA and the OAG, current CFSA data and the Illinois study, it was determined that the estimated 141 adoptions and guardianships per year was very high.<sup>18</sup> The OCFO analysis presented below assumes that it would take three fiscal years for these 141 new adoptions and guardianships to occur; thus there would be 47 new adoptions and guardianships per year.<sup>19</sup>

For simplicity's sake, it also assumes that all 47 would be finalized at the beginning of each fiscal

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<sup>16</sup> County Public School tuition is based on Prince Georges County since over 80% of all out-of-state wards attend schools in that county. The tuition is comparable to other surrounding county public schools. For more information on education, see note e of Table 4 and the section on Other Potential Savings.

<sup>17</sup> This is based off the findings from a randomized controlled experiment in Illinois in which one group was offered subsidies for guardianships. The combined permanency rate for children originally placed with nonrelatives in the experimental group was 9.1 percentage points higher than the control group. While not all of the difference is because of non-kinship guardianships, this is assumed here because doing so makes the cost larger and thus more conservative. Source: that Mark F. Testa *et al.*, *Final Evaluation Report: Illinois Subsidized Guardianship Waiver Demonstration*, Children and Family Research Center (2003), available at <http://www.cfrc.illinois.edu/pubs/Pdf.files/sgfinalreport.pdf>.

<sup>18</sup> For instance, currently only approximately 200 kids are adopted or guardianship each year. Thus, 141 new adoptions and guardianships would almost double this amount. In addition, of those children that have been in foster care for over 2 years, only approximately 570 have a permanency goal of adoption or guardianship. If 141 new adoptions and guardianships occurred each year, there would be no more foster care kids with these goals left after 4 years. Granted, it is possible that their goals would change as the result of the legislation.

<sup>19</sup> This analysis also differs from the analysis in the paper in other ways. In general, it is more conservative in nature. For instance, it does not assume any children would be in institution prior to permanency, it assumes lower eligibility for Title IV-E funds for adoption and guardianships subsidies for ages 19-21; it assumes there would be no transportation savings; and it assumes that all children guardianship or adopted in MD or VA that lived there previously attend a county public school.



year, starting in FY 2011,<sup>20</sup> and that all 47 of these children would have remained in foster care until the age of 21, but for the proposed legislation. Of these 47, 19 would be from new adoptions, 19 from new kinship guardianships and 9 from new non-kinship guardianships. Of the 38 adoptions and kinship guardianships, 35 would be under 18 and 3 would be between 18 and 21. In the first year, all non-kinship guardianships would be under 18.<sup>21</sup>

In terms of their placement before permanency, it is estimated that of those under 18, 40 would be in traditional foster care and 4 would be in congregate care (group home). The 3 wards above 18 would also be in traditional foster care.<sup>22</sup> These distinctions all are important as they have implications for federal reimbursement and costs.

Another important aspect of this analysis is the inclusion of compounding: that for every year after Year 1, the total number of children for each group (adoption, kinship guardianship and non-kinship guardianship) contains not just those that were adopted or guardianed in that year, but also those that were adopted or guardianed in previous years. This is because absent this legislation, these children would have remained in foster care.<sup>23</sup> Table 3 outlines the assumptions about the flow of children out of foster care into various permanent arrangements between FY 2010 and FY 2013.

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<sup>20</sup> It is likely that the adoptions and guardianships would happen throughout the year.

<sup>21</sup> This distribution is loosely based on the distribution presented in "Extending and Expanding Adoption and Guardianship Subsidies for Children and Youth in the District of Columbia Foster Care System: Fiscal Impact Analysis." However, unlike the paper, it does not assume that some of the nonkinship guardianships would have been adoptions, but for the policy change.

<sup>22</sup> This distribution is loosely based on the distribution presented in "Extending and Expanding Adoption and Guardianship Subsidies for Children and Youth in the District of Columbia Foster Care System: Fiscal Impact Analysis." However, unlike the paper, it does not assume that any children would be in therapeutic foster care, runaways or live in institutions.

<sup>23</sup> This has implications for both the costs and the savings. For illustrative purposes, as a result of the proposed legislation, assume that three 4 year olds and five 5 year olds would enter into non-kinship guardianships each year. In Year 1, the District would be responsible for providing a non-kinship guardianship subsidy to five 5 yr olds. In Year 2, though, the District would be responsible for providing a subsidy to the five new 5 year olds that are guardianed, as well as the three 4 year olds that are now 5, for a total of 8 five year olds. On the cost side, assume that these five 5 year olds are guardianed in Maryland where they currently attend public school. As a result, OSSE would no longer have to pay tuition costs for 5 five year olds in Year 1 and 8 five year olds in Year 2. The table below provides the actual numbers used for each group taking into account this compounding. Again, the total number of new adoptions and guardianships each year is only 47.

<b>Table 3 - New Adoptions and Guardianships Resulting from Proposed Legislation</b>				
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Adoptions and Kinship Guardianships: Under 18	0	35	69	102
Adoptions and Kinship Guardianships: Over 18	0	3	6	9
New Non-Kinship Guardianships: Under 18	0	9	17	25
New Non-Kinship Guardianships: Over 18	0	0	1	2
<b>Total</b>	<b>0</b>	<b>47</b>	<b>93</b>	<b>138</b>
<b>Placement Before Permanency</b>				
Traditional Foster Care: Under 18	40	40	82	123
Traditional Foster Care: Over 18	3	3	7	11
Congregate Care	4	4	4	4

**Fiscal Impact**

The analysis shows that even with a relatively low number of adoptions and guardianships the added costs of extending subsidies to the age of 21 and providing subsidies for non-kin guardianships for the first time to individuals between the ages of 2 to 21 would quickly be outweighed by the savings realized by no longer having to pay the costs associated with retaining these individuals in the foster care system. Table 4 outlines the financial impact of the proposed legislation.

It is important to note that the analysis assumes that CFSA is able to take full advantage of all available Title IV-E federal reimbursements.

<b>Table 4 - Estimated Fiscal Impact of B18-453 on the Local General Fund, By Expenditure Type, Fiscal Impact on the Local General Fund FY 2010 through FY 2013</b>					
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Four Year Total</b>
<b>COSTS</b>					
Subsidies for All Adoptions and Kinship Guardianships: 18-21 <sup>a</sup>	\$0	(\$55,928)	(\$175,011)	(\$362,273)	(\$593,212)
Subsidies for Adoptions and Kinship Guardianships because of change: Under 18	\$0	(\$208,780)	(\$436,386)	(\$667,671)	(\$1,312,837)
Subsidies for All New Non-kinship Guardianships	\$0	(\$108,165)	(\$222,060)	(\$339,559)	(\$669,785)
CFSA Post Permanency Costs	\$0	(\$13,367)	(\$26,514)	(\$39,172)	(\$79,053)
Non-recurring Adoption Expenses	\$0	(\$34,500)	(\$34,500)	(\$34,500)	(\$103,500)
FACES.NET Cost (IT costs)	(\$250,000)	\$0	\$0	\$0	(\$500,000)
<b>Total Cost</b>	<b>(\$250,000)</b>	<b>(\$420,741)</b>	<b>(\$894,471)</b>	<b>(\$1,443,174)</b>	<b>(\$3,008,386)</b>
<b>SAVINGS</b>					
Subsidies for Traditional Foster Care: Over 18	\$0	\$43,965	\$91,849	\$149,385	\$285,199
Subsidies for Traditional Foster Care: Under 18	\$0	\$260,376	\$563,793	\$875,289	\$1,699,458
Congregate Care: Under 18 <sup>b</sup>	\$0	\$67,902	\$67,902	\$67,902	\$203,706
Contracted Services	\$0	\$319,600	\$633,661	\$942,183	\$1,895,444
Medicaid Cost per child adopted out of state (DHCF)	\$0	\$11,188	\$22,823	\$34,919	\$68,929
Mental Health Cost per child adopted out of state <sup>c</sup> (DMH)	\$0	\$37,998	\$75,996	\$113,994	\$227,988
CFSA Personnel <sup>d</sup>	\$0	\$0	\$122,631	\$369,213	\$491,844
OAG Personnel <sup>e</sup> (OAG)	\$0	\$0	\$0	\$46,075	\$46,075
Tuition for County Public Schools: No Special Education <sup>f</sup> (OSSE)	\$0	\$146,719	\$309,626	\$489,880	\$946,226
Tuition for County Public Schools: Special Education <sup>g</sup> (OSSE)	\$0	\$175,427	\$370,209	\$585,732	\$1,131,369
<b>Total Savings</b>	<b>\$0</b>	<b>\$1,052,480</b>	<b>\$2,236,630</b>	<b>\$3,639,019</b>	<b>\$6,928,128</b>
<b>NET SAVINGS</b>	<b>(\$250,000)</b>	<b>\$631,739</b>	<b>\$1,342,159</b>	<b>\$2,195,844</b>	<b>\$3,919,742</b>

Note: All costs and savings are for CFSA unless otherwise noted in parenthesis.

<sup>a</sup> This includes both individuals who were adopted and guardianed because of the proposed legislation, as well as those that would have been adopted or guardianed without it.

<sup>b</sup> Since ORA has no information about how long children remain in congregate care, it is assumed that the child would have remained in congregate care no more than a year. After that, it is assumed that the child would return to traditional foster care.

<sup>c</sup> ORA was not able to obtain data on the percentage of foster care children who have mental health care claims, nor the average amount of claims per child. Therefore, it is assumed that there is only one claim per child and the savings would only apply to those children adopted outside of the District, as is the case for Medicaid.

<sup>d</sup> It is assumed that no staff reductions would occur until FY 2011 to account for the need to first reduce caseloads to acceptable levels among current staff. Also in the year employees are let go, the savings equate to only half of their salary; the other half is for severance payments.

<sup>e</sup> It is assumed that 50%<sup>24</sup> of the 47 new adoptions and guardianships currently live in Maryland or Virginia and attend one of their public schools: 65% have no special education needs and 35% have special education needs.<sup>25</sup> School age children include 74% of 4 years olds and everyone between 5 and 19.<sup>26</sup>

### Other Potential Savings

There are a few other potential savings that the analysis did not take into account because they could not be reliably estimated. However, since they could still occur, they are worth noting.

1. Therapeutic Foster Care. According to CFSA, between August 1, 2008 and July 31, 2009 approximately 11 percent of the children that exited to adoption and 9 percent of the children that exited to guardianship came from therapeutic foster care. Therapeutic foster care costs, which equal roughly \$69,000 per year per child (of which only \$12,000 is possibly eligible for the 70% federal reimbursement), include both foster care subsidies and the salaries of private foster care agency social workers and related staff. If some of the new adoptions and guardianships resulting from the proposed legislation were in therapeutic foster care prior to permanency, CFSA could realize additional savings, related mostly to the private staff costs.
2. Education. As described above, it is assumed that all children adopted or guardianshiped outside of DC currently go to an out-of-state public school. However, currently only approximately 56 percent of children that live outside of DC attend an out-of-state public school.<sup>27</sup> Of the remaining 44 percent, all of whom are children with special education needs, approximately 28 percent go to a nonpublic school in MD or VA, 7 percent attend a nonpublic school in DC, and 9 percent attend a DC public school. The tuition at the nonpublic schools is 4 times the tuition of general county school tuition and twice that of special education tuition.<sup>28</sup> Thus, if any children that were adopted or guardianshiped as a result of the legislation had been in nonpublic instead of county public schools, there would be additional savings.
3. Transportation Costs. DC currently provides transport for 297 wards that live outside of DC. According to a memo dated March 26, 2009 by David Gilmore, the federal court-appointed receiver of DC special education transportation services, 40 of the 257 bus routes exclusively serve those children domiciled in MD or VA. In addition, 11 of the routes have only one child on

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<sup>24</sup> Based on current CFSA data, of the 2143 wards in out-of-home-care (foster care, group homes, residential, independent living or other), 39% live in the District, 55% in MD, 2% in VA and 4% in other. Looking at just the foster care population, 31% live in the District, 68% in MD, 1% in VA and 1% in other

<sup>25</sup> Based on the 2008 Fall Enrollment Audit Report. See attachment 16:  
<http://osse.dc.gov/seo/cwp/view,a,1222,q,563398.asp>.

<sup>26</sup> In MD, public school pre-K is only available to 4 year olds who meet certain income requirements. It is assumed that the those who meet the federal requirements for adoption and guardianship subsidies would meet these requirements.

<sup>27</sup> These percentages are based on various data sources and are not only meant to approximate the current situation and not exactly account for it.

<sup>28</sup> The tuition at a nonpublic school in MD, VA or DC is approximately \$60,000 and the tuition for a DC public school for a student with special education needs is roughly \$22,000.

the bus and 6 routes have only 2 children. If one of these 11 children were adopted or guardianed in MD or VA as a result of this policy, DC would save \$100,000 per year in transportation costs.

4. Residential Treatment Facilities. Approximately 5 percent of the total foster care population lives in Psychiatric Residential Treatment Facilities (PRTF). The cost per child is roughly \$128,000 per year, a portion of which may be eligible for federal reimbursement. If any child that was adopted or guardianed as a result of this proposed legislation came from a PRTF, there would be additional savings.

**Appendix - Sensitivity Analyses**

The Office of Revenue Analysis conducted two alternative analyses to understand the implications of 1) the new adopted and guardianships being finalized throughout the year instead of all at the beginning of the year; and 2) the effects of the proposed policy in 10 years. In each case, the fiscal impact over the four years was still positive.

*Lagged Analysis.* The first analysis assumed that the new adoptions and guardianships were finalized in equal amounts during the four quarters of the year. This reflects the fact that currently exits from foster care do occur each month in roughly equal amounts.<sup>29</sup> The analysis also assumed that no adoptions or guardianships would be finalized until January 2011. According to CFSA, it should take approximately 8 months from the date of the termination of parental rights (TPR) to the finalization of an adoption, but in practice it often takes longer. Granted if some children are already close to the process of finalization at the time of the implementation of this bill, their adoptions or guardianships would be finalized earlier.

The analysis showed that over the FY 2010 through FY 2013 budget and financial plan period, the net savings would still be positive, but smaller than those estimated by the original analysis.

<b>Table 5 - Net Savings for the Adoption and Guardianship Expansion Act of 2009: Lagged Analysis</b>					
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Four Year Total</b>
Total Costs	(\$250,000)	(\$151,467)	(\$626,130)	(\$1,010,222)	(\$2,037,819)
Total Savings	0	\$357,843	\$1,565,641	\$2,547,313	\$4,470,797
<b>Net Savings</b>	<b>(\$250,000)</b>	<b>\$206,376</b>	<b>\$939,511</b>	<b>\$1,537,091</b>	<b>\$2,432,979</b>

*Extended Analysis.* A second analysis was conducted to understand the implications of the proposed legislation over a ten year period and more specifically the effect of providing children that would have been adopted or guardianshiped with this legislation with a subsidy until the age of 21. The largest number of adoptions or guardianships that would have occurred without the proposed legislative changes would have involved children between the ages of 9-12. Table 6 shows the age distribution of these children in FY 2010.

<b>Table 6-Adoptions and Guardianships Projected in FY 2010 Under Current Law</b>	
<b>Age in FY 2010</b>	<b>Number per Age</b>
2-3	14
3-4	14
4-5	11
5-6	6

<sup>29</sup> The exception is adoptions in November. They spike because of CFSA's Annual Adoption Day.

<b>Table 6-Adoptions and Guardianships Projected in FY 2010 Under Current Law</b>	
<b>Age in FY 2010</b>	<b>Number per Age</b>
6-7	10
7-8	11
8-9	10
9-10	16
10-11	14
11-12	18
12-13	13
13-14	13
14-15	10
15-16	6
16-17	6
17-18	3
18-19	0
19-20	0
20-21	0

Note: Guardianships over 18 are not allowed under current law. Adoptions over 18 are allowed, but they rarely if ever occur. For this reason, there are 0 adoptions and guardianships projected for FY 2010.

The original analysis does not take these children into account since it only looks at a four year period and these children would only be at the most 16 by FY 2013. By extending the analysis for ten years, the effect of providing subsidies to these children between the ages of 18-21 can be at least partially examined. In the extended analysis, the net savings continued to grow each year as shown in Table 7. However, after FY 2014, the net savings for CFSA start to decrease and in FY 2019 they become negative, as show in Table 8. This reflects the impact of the aging of the 9-12 year olds and the costs of providing them with the extended adoption or kinship guardianship subsidy.

It should be noted, though, that projecting the effect of this legislation for 10 years is extremely problematic since the costs associated with this analysis, the foster care population and the demand for adoptions and guardianships could all significantly increase. For this reason, Tables 7 and 8 should be used for illustrative purposes only and the numbers should not be relied upon.

**Table 7 – For Illustrative Purposes Only -- Net Savings for the Adoption and Guardianship Expansion Act of 2009:  
10 Year Analysis**

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Ten Year Total
Total Costs	(\$250,000)	(\$420,741)	(\$894,471)	(\$1,443,174)	(\$2,089,882)	(\$2,844,003)	(\$3,716,444)	(\$4,727,829)	(\$5,790,874)	(\$6,921,693)	(\$29,099,112)
Total Savings	\$0	\$1,052,480	\$2,236,630	\$3,639,019	\$5,084,792	\$6,232,759	\$7,356,209	\$8,468,383	\$9,567,470	\$10,641,731	\$54,279,472
Net Savings	<b>(\$250,000)</b>	<b>\$631,739</b>	<b>\$1,342,159</b>	<b>\$2,195,844</b>	<b>\$2,994,909</b>	<b>\$3,388,756</b>	<b>\$3,639,765</b>	<b>\$3,740,554</b>	<b>\$3,776,596</b>	<b>\$3,720,039</b>	<b>\$25,180,361</b>

**Assumptions**

- Each year 47 additional children are adopted or guardianship each year.
- CFSA and OAG personnel cost savings remain constant after FY 2014.
- Health care savings remain constant after FY 2015.

**Table 8 – For Illustrative Purposes Only -- Net Savings for the Adoption and Guardianship Expansion Act of 2009 by Agency:  
10 Year Analysis**

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Ten Year Total
CFSA	(\$500,000)	\$260,407	\$563,505	\$925,244	\$1,191,277	\$1,119,900	\$955,153	\$647,477	\$289,569	(\$142,672)	\$5,559,860
OSSE	\$0	\$322,147	\$679,836	\$1,075,612	\$1,488,534	\$1,902,700	\$2,318,456	\$2,726,920	\$3,120,870	\$3,496,554	\$17,131,630
DMH	\$0	\$37,998	\$75,996	\$113,994	\$151,992	\$189,990	\$189,990	\$189,990	\$189,990	\$189,990	\$1,329,927
DHCF	\$0	\$11,188	\$22,823	\$34,919	\$47,489	\$60,549	\$60,549	\$60,549	\$60,549	\$60,549	\$419,162
OAG	\$0	\$0	\$0	\$46,075	\$115,618	\$115,618	\$115,618	\$115,618	\$115,618	\$115,618	\$739,782
Net Savings	<b>(\$500,000)</b>	<b>\$631,739</b>	<b>\$1,342,159</b>	<b>\$2,195,844</b>	<b>\$2,994,909</b>	<b>\$3,388,756</b>	<b>\$3,639,765</b>	<b>\$3,740,554</b>	<b>\$3,776,596</b>	<b>\$3,720,039</b>	<b>\$25,180,361</b>