

BILL # HB 2424

TITLE: TANF; foster care payments

SPONSOR: Landrum

STATUS: As Amended by House Human Services

REQUESTED BY: House

PREPARED BY: Pat Mah

FISCAL YEAR

2001

2002

2003

EXPENDITURES

General Fund or Temporary Assistance for Needy Families Block Grant	\$-0-	\$3,042,500	\$3,436,000
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FISCAL ANALYSIS

Description

The bill requires the Department of Economic Security (DES) to pay Temporary Assistance for Needy Families (TANF) Cash Assistance payments to any grandparent who is a foster care parent in the Kinship Foster Care program established by A.R.S. § 8-514.03. The bill also requires the Cash Assistance payment to be \$250 per child and places a limit of \$3,500,000 that can be expended from the TANF Block Grant for this program.

Estimated Impact

The JLBC Staff estimates that this provision would increase payments from the TANF Cash Benefits Special Line Item of the Division of Benefits and Medical Eligibility (DBME) budget in DES by \$3,042,500 in FY 2002 and by \$3,436,000 in FY 2003. Because TANF Cash Benefits are funded with both General Fund and Federal TANF Block Grant monies, either fund source could be used to fund the increase. Table 1 below shows the costs for current caseloads and the estimated cost for FY 2002 and FY 2003, including the impact for those who already receive some Cash Assistance and those who do not.

	<u>Kinship Care Program</u>		<u>Grand Total</u>
	<u>Additional Cash Assistance</u>	<u>No Previous Cash Assistance</u>	
1. Current Caseloads			
Number of Children	661	594	1,255
Current Cash Assistance Payments	\$1,070,800	\$ 0	\$ 1,070,800
Payments Proposed Under Bill	<u>\$1,983,000</u>	<u>\$1,782,000</u>	<u>\$ 3,765,000</u>
Difference -- Current to New Proposed Payments	\$912,200	\$1,782,000	\$ 2,694,200
2. FY 2002 - Projected Growth 12.9%			
Number of Children	746	671	1,417
Current Cash Assistance Payments	\$1,208,500	\$ 0	\$ 1,208,500
Payments Proposed Under Bill	<u>\$2,238,000</u>	<u>\$2,013,000</u>	<u>\$ 4,251,000</u>
Difference -- Current to New Proposed Payments	\$1,029,500	\$2,013,000	\$ 3,042,500
3. FY 2003 - Further Growth 12.9%			
Number of Children	842	758	1,600
Current Cash Assistance Payments	\$1,364,000	\$ 0	\$ 1,364,000
Payments Proposed Under Bill	<u>\$2,526,000</u>	<u>\$2,274,000</u>	<u>\$ 4,800,000</u>
Difference -- Current to New Proposed Payments	\$1,162,000	\$2,274,000	\$ 3,436,000

(Continued)

Assumptions

1. The Cash Assistance payment required under this bill would not apply to children in licensed foster care homes since they are currently ineligible for any Cash Assistance payments. The required payment also does not apply to a reported 7,212 children who live with grandparents receiving Cash Assistance since they are not part of the foster care system. These cases are commonly known as "child only" cases because only the child is included in the Cash Assistance payment.
2. Currently, there are 1,735 children in the Kinship Foster Care program who live with unlicensed foster care parents. Of the 1,735 children, 914 are in homes receiving Cash Assistance payments and 821 are in homes receiving no Cash Assistance payments.
3. Of the 914 children in homes receiving Cash Assistance payments, there are 661 children or 72.3% who are in the home of their grandparent. The average Cash Assistance Payment for these homes is \$135 per month. Using this average monthly payment of \$135 per month, the amount paid to the grandparents of the 661 children calculates to rounded numbers of \$89,200 per month or \$1,070,800 annually. The amount would increase from \$135 to \$250 per month under the bill. The difference is an increase of \$115 per month, which calculates to an additional rounded cost of \$76,000 per month or \$912,200 annually for the 661 families currently receiving Cash Assistance payments.
4. Of the 821 children reported in homes that are not receiving Cash Assistance payments, it is not known how many are in the home of a grandparent. Using the 72.3% known for those on Cash Assistance, 594 of the 821 reported children would be in homes of their grandparents. At \$250 per month per child, the cost would be \$148,500 per month or \$1,782,000 for the 594 estimated families in this group. When the \$912,200 calculated in item No. 3 is added to the \$1,782,000, the total increase in costs for current caseloads is \$2,694,200. These costs are summarized in Table 1 above.
5. Since the Kinship Foster Care program was established last year, there are no historic data to estimate annual potential growth in this program. Therefore, we used a caseload growth of 12.9%, which is the 5-year average growth in caseload for the foster care program from FY 1996 to FY 2000.
6. Using the estimated annual growth rate of 12.9% starting in FY 2002, costs are estimated at \$3,042,500 for FY 2002 and \$3,436,000 for FY 2003. These costs for each fiscal year are summarized in Table 1 above.
7. Because TANF Cash Benefits are funded with both General Fund and Federal TANF Block Grant monies, either fund source could be used to fund the increase. However, under the bill, the TANF Block Grant has a limited liability of \$3,500,000 for this program.
8. Most of the fiscal note data are based upon information received from DES. We did not, however, have any data on the percent of Non-Cash Assistance foster care children in the home of a grandparent. Therefore, we used the 72.3% discussed in item No. 4.

Local Government Impact

None

Amendments

The House Human Services Committee amended the bill to reduce the Cash Assistance payment from an estimated \$570 to \$250 per month per child. The bill, as introduced, required the payment to be equal to the payment for a child in foster care. The amendment also limited expenditures from the TANF Block Grant to \$3,500,000 for this program. As a result of the amendment, the fiscal impact for current caseload costs was reduced by \$(4,819,200), from estimates of \$7,513,400 to \$2,694,200. The estimated costs at a 12.9% caseload rate were \$8,482,600 in FY 2002 and \$9,576,900 in FY 2003.