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FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/16

SPONSOR Lopez LAST UPDATED _____ HB _____

SHORT TITLE Kinship Caregiver Payment Project SB 86

ANALYST Klundt

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	\$3,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to: SB 88

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)

Human Services Department (HSD)

Attorney General's Office (AGO)

SUMMARY

Synopsis of Bill

Senate Bill 86 appropriates \$3.0 million from the general fund to CYFD for expenditure during state fiscal years 2017 through 2020 to fund maintenance payments made through the demonstration project established pursuant to this bill. The demonstration project is to provide kinship caregivers with maintenance payments for the care and support of children placed in their care.

CYFD is additionally charged to adopt to promulgate rules establishing the eligibility for kinship caregivers to participate in the demonstration project and recertify their eligibility at least annually. Eligibility criteria to be included in the rules are included in the bill.

By November 1 of 2017, 2018, and 2019, CYFD shall issue a report to the Governor, the Legislative Finance Committee and the Legislative Health and Human Services Committee regarding the demonstration project. This report will include data identified in the bill as well as any legislative, policy, or administrative recommendations for enhancing the effectiveness of the

demonstration project or for making permanent a statewide program of maintenance payments for kinship caregivers.

FISCAL IMPLICATIONS

Because the bill establishes multi-year funding, it is scored as nonrecurring. However, if the project is continued beyond 2020, it will be considered as a \$1 million recurring appropriation.

This bill appropriates \$3 million from the general fund to CYFD for expenditure during state fiscal years 2017 through 2020 to fund maintenance payments made through the demonstration project established pursuant to this bill. Any unencumbered or unexpended amount remaining at the end of state fiscal year 2020 shall revert. This appropriation is not included in the executive or LFC recommendations.

CYFD notes there are no funds for administration of the support structure necessary for this project which may have a impact on operating expenditures (see significant issues).

SIGNIFICANT ISSUES

CYFD notes the appropriation does not include operating revenues and states the programming as provided by this bill may require significant agency resources. For comparison, the child care subsidy program, which provides maintenance payments for low-income parents, which currently serves approximately 18,000 children, CYFD maintains 21 field offices with 68 FTE eligibility interviewers, plus additional state employees to track data, maintain accountability, manage payments, provide human resources as well as other administrative/management supports.

According to the Annie E Casey Foundation Kids County Data Center, as of 2014, 501,949 children live in New Mexico. Roughly 6 percent, or 30,117, from the period of 2013 to 2015 lived in the care of extended family or close family friends, could be eligible for maintenance payments. CYFD states supporting maintenance payments to these approximately 1,800 children would require approximately 10 percent of the resources presently used on child care subsidy payments.

This bill requires that adults residing in the adult caregiver's home undergo a criminal background check. However, the agency reports concerns regarding a lack of language directing CYFD how to respond to the results of this background check or requirement that these adults be cleared by the background check. Additionally, in combination with the definition of criminal background check provided in the bill, CYFD states the agency by be limited in engaging in the standard background process, including both a criminal background check and an abuse and neglect screening. Additional or modified language to address the above issues may be necessary.

Next, the bill requires CYFD to report on the estimated number of kinship caregivers whose income is less than 200 percent of the federal poverty level, and who are therefore eligible for participation, but who have not applied for participation in the demonstration project. CYFD states an accurate estimation would be difficult to develop, as there are multiple ways that a kinship guardianship can be established, most of which would not involve CYFD in the process.

Finally, the agency reported the bill requires a fair hearing for denied applications. This requirement creates a property interest with specific due process requirements which would not otherwise exist.

TECHNICAL ISSUES

CYFD reports this bill identifies the target population for these payments as children placed in the care of kinship caregivers. However, there is no definition for “placed” in this bill. CYFD reports a definition for “placed” is necessary to clarify eligibility.

KK/jle/jo