

FORM 5, BFM 50.10

ADMINISTRATIVE PROCEDURES ACT FISCAL NOTE Prepared by Submitting Agency

	CODE	NAME	PROPOSED RULES (by §, unless entire ch., art.)
DEPT.	08	Social Services	§§ 67:14:32:01, 67:14:32:05.05, 67:14:32:08, 67:14:32:09, 67:14:32:10, 67:14:32:11.01, 67:14:32:30, 67:42:18:01 to 67:42:18:35, inclusive.
DIVISION	0843	Child Care Services	
PROGRAM	0843	Child Care Services	

IMPACT ON GOVERNMENT SUMMARY: (Changes to any existing process, schedule, or activity of any state or local gov't entity resulting from the proposed rule change.)

Current Process:

South Dakota's relative preference law, 26-7A-19, states when a child cannot remain with birth parents, relatives should be the first choice for care. When children are placed with someone who meets criteria under this statute, this is described as placement with a "kinship family".

Kinship families complete a kinship home study with a private agency through a CPS contract if they wish to become a placement for a child in Child Protection Services (CPS) custody. Home studies are completed by the private agency and sent to CPS for review and approval. CPS oversees the kinship home study contract.

If a kinship family decides to apply for a foster care license to become eligible to receive Foster Care Maintenance Payments (FCMP), the kinship family signs a foster care application with the Office of Licensing and Accreditation (OLA), completes 30 hours of foster parent training and additional requirements to meet licensing requirements. OLA oversees a contract with a private agency to complete foster parent training and home studies. OLA reviews and approves all home studies for foster parent licenses.

New Process (if proposed rules are adopted):

Recent federal regulatory changes included in the Family First Prevention and Services Act required the department to implement standards aligned to the National Model Licensing Standards. The goal of these changes is to increase available kinship placement resources. The proposed rules establish the standards for kinship foster licensure to comply with the federal regulatory changes. A kinship foster parent will continue to sign an application to be a licensed kinship foster home when they request to be approved to provide care for a relative child who is in CPS custody. The kinship foster parent will complete one (1) home study with OLA and licensure will be determined based on the proposed Kinship Foster Home administrative rules. The proposed licensing rules remove requirements which are not directly associated with child safety, such as the 30-hours of foster parent training.

FISCAL IMPACT STATEMENT: (Estimate the overall fiscal impact--in terms of increases or decreases--because of, or to carry out, the proposed changes. Take into consideration staffing and resource changes (i.e. dollars, employees, equipment, supplies). Include a brief explanation if there is a minimal, incalculable, or no fiscal impact.)

The Administration for Children and Families (ACF) established federal requirements for the level of reimbursement paid to licensed kinship families. This federal requirement results in an estimated increased cost of \$1.1 million based on the number of estimated kinship families providing care to children in CPS custody. States must establish FCMP at the same amount for both kinship and non-kinship placements. Some families that previously qualified for Temporary Assistance to Needy Families (TANF) will shift from a monthly TANF payment through the Division of Economic Assistance to a monthly FCMP through CPS with the proposed rules in lieu of economic assistance presently. It is projected that 53% of children currently in Kinship care would qualify for IV-E funding which includes both federal funds and a general fund match. The other 47% of children would utilize federal TANF and general funds. The estimated fiscal impact is an annual estimate.

FISCAL IMPACT BASIS: (Provide the assumptions, any computations, and any statistics that went into this Fiscal Note; and describe the accuracy of the estimated impacts on this form.)

	Projected number of children in newly licensed kinship care	SFY25 monthly foster care rate / FCMP rate	Estimated annual cost to support kinship children if licensed
Age 0-12	356	\$699.67	\$2,988,990
Age 13-18	82	\$839.79	\$826,353
Total	438		\$3,815,344

	General	Federal	Total
Total cost of Kinship care children under new rules	\$981,607	\$2,833,737	\$3,815,344
Total cost of Kinship care under current rules	(\$697,905)	(\$2,003,909)	(\$2,701,814)
Total net increased costs	\$283,702	\$829,828	\$1,113,530

COST INCREASES (DECREASES)

State Agencies:	First-Year Impact	Continuous-Yearly Impact
<i>Social Services</i>	\$1,113,530 (\$283,702 Gen / \$829,828 Fed)	\$1,113,530 (\$283,702 Gen / \$829,828 Fed)
TOTAL	\$1,113,530 (\$283,702 Gen / \$829,828 Fed)	\$1,113,530 (\$283,702 Gen / \$829,828 Fed)
Local Gov't Agencies:		
TOTAL		

REVENUE INCREASES (DECREASES)

Revenue Increases (Decreases) State & Local Gov't Agencies:		
TOTAL		

APPROVED  DATE 4-March-2024
Matthew K. Althoff, Secretary, Department of Social Services