

## **PART O – Modernize Maximum State Aid Rates for Voluntary Agencies**

**Purpose:** This bill enacts into law provisions to modernize requirements for foster care maintenance payments.

### **Summary of Provisions and Statement in Support:**

This bill would add subdivision 2-c to Section 398-a of the Social Services Law to update requirements for foster care maintenance and adoption subsidy payments from local social services districts to voluntary agencies and families with adopted children.

The Office of Children and Families Services (OCFS) establishes MSAR rates which create reimbursement limits for local social services districts that contract with authorized foster care providers (voluntary agencies). Local districts may pay up to 100 percent of the established rates, but are not required to. The MSAR also impact adoption subsidy payments to parents who adopt children with specials needs.

Enactment of this bill will require social services districts that were paying 100 percent of applicable MSAR for the rate year 2022-23 (July 2022 – June 2023) to pay at least 100 percent of the rates for each subsequent rate year. The bill also requires that social services districts currently paying less than 100 percent of the established rates must increase their rate payments by half the difference between the current percentage and the full 100 percent for rate year 2022-23. Those districts are then required to pay the full 100 percent of the established rates in subsequent rate years.

The State's share of foster care maintenance payments is capped through the Foster Care Block Grant (FCBG). Adoption subsidy payments are an open-ended entitlement program with the costs split between the Federal government, the State, and local

districts. The Federal government pays for 50 percent of all eligible expenses while all remaining costs are split between the State and local districts at 62 percent and 38 percent, respectively.

In 2021, the State agreed to establish a new rate setting methodology to increase rates for voluntary agencies and for payments for adoption subsidies because of a lawsuit alleging that New York's foster care reimbursement rates did not adequately reimburse foster care payments for the costs of raising a foster child. A statutory change is necessary to require that localities reimburse foster parents at 100 percent of the rates that are established by OCFS. The State must enact this bill in order to comply with this change.

**Budget Implications:** This bill is necessary to remedy issues raised in a recent lawsuit against the State. The fiscal impact to the State is \$32.6 million in FY 2023 and \$43.5 million in FY 2024 and the out years. The cost to the State is due to an increase in the cost of adoption subsidies provided to parents, which are linked to the MSAR rates.

**Effective Date:** This bill would take effect immediately.

Section 1. Section 398-a of the social services law is amended by adding a new subdivision 2-c to read as follows:

(2-c) Those social services districts that as of July first, two thousand twenty-two were paying at least one hundred percent of the applicable rates published by the office of children and family services for the two thousand twenty-two--two thousand twenty-three rate year for care provided to foster children in regular, therapeutic, special needs, and emergency foster boarding homes shall pay for the two thousand twenty-two--two thousand twenty-three rate year and for each subsequent rate year thereafter at least one hundred percent of the applicable rates published by the office of children and family services for that rate year. Those social services districts that as of July first, two thousand twenty-two were paying less than the applicable rates published by the office of children and family services for the two thousand twenty-two--two thousand twenty-three rate year for care provided to foster children in regular, therapeutic, special needs and emergency foster boarding homes shall increase their rates of payment so that: effective July first, two thousand twenty-two the difference between the percentage of the applicable rates published by the office of children and family services for the two thousand twenty-two--two thousand twenty-three rate year and the rates such districts are paying is at least one-half less than the difference between the percentage of the applicable rates published by the office of children and family services for the two thousand twenty-two--two thousand twenty-three rate year and the rates that such districts were paying for such programs on July first, two thousand twenty-two; and effective July first, two thousand twenty-three for the two thousand twenty-three--two thousand twenty-four rate year and for each subsequent year thereafter all social services districts shall pay at least one hundred percent of the applicable rates published by the office of children and family services for the applicable rate year.

§ 2. This act shall take effect immediately.