



**Audit of the Financial Effect of a Change in Adoption
Subsidy Payment Policy
November 19, 2021**

By Onondaga County Comptroller Martin D. Masterpole

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SECTION I

BACKGROUND AND EXECUTIVE SUMMARY

Background

On April 6, 2018 then Deputy Commissioner, James Czarniak sent a letter (Exhibit 1) to the Permanency Specialist-New York State Office of Children and Family Services (NYS OCFS) in Syracuse indicating Onondaga County's Department of Children and Family Services' (DCFS) intention to change the adoption subsidy payments policy beginning May 7, 2018 from a modified board rate to 100% of the child's applicable board rate. Historically, as a cost savings measure, DCFS has utilized a sliding scale of the board rate based on the adoptive parent(s) income. Note, DCFS must use the newly selected option (100% of the child's applicable board rate) in all new subsidy agreements entered into on or after the effective date of the policy change. Subsidy agreements finalized before the effective date of this new policy will not be affected by the change.

This matter was brought to our attention from the Financial Operations Accounting Supervisor Grade B's concerns regarding the elimination of modified rates and the financial burden to the taxpayers of Onondaga County.

According to Codes, Rules and Regulations of the State of New York (CRR-NY) Title 18, Part 421.24 Adoption with subsidy (c) Payments for the care and maintenance of a handicapped or hard-to-place child,

(11), "If the annual income of the person(s) adopting a handicapped or hard-to-place child pursuant to the provisions of this section, as determined by the applicable provisions of paragraph (10) of this subdivision, is equal to or less than the applicable State income standard, the monthly payment for care and maintenance of the adopted child must be 100 percent of the applicable board rate, unless the person (s) adopting voluntarily and, in writing, request and agree to a lower rate."

(12), (i), "If the annual income of the person (s) adopting a handicapped or hard-to-place child pursuant to the provisions of this section, as determined by the applicable provisions of paragraph (10) of this subdivision, is greater than the applicable State income standard, a social services district has two options in determining the amount to be paid for care and maintenance of the child. Unless the person (s) adopting voluntarily and, in writing, request and agree to a lower amount, such amount must be either:

- (a) 100 percent of the applicable board rate regardless of the annual income of the person(s) adopting; or

- (b) an amount less than 100 percent, but not less than 75 percent, of the applicable board rate, as determined in accordance with the following formula. The social services district must:
- (1) calculate the annual income of the person(s) adopting pursuant to the applicable provisions of paragraph (10) of this subdivision;
 - (2) determine what percentage such annual income is of the applicable State income standard; and
 - (3) use the following schedule to determine the amount to be paid based on the percentage calculated in sub clause (2) of this clause:

ADOPTION SUBSIDY PAYMENTS SCHEDULE	
Annual income of person(s) adopting; percentage of applicable State income standard	Amount of adoption subsidy payment
Over 100% but not more than 110%	95% of Applicable Board Rate
Over 110% but not more than 120%	90% of Applicable Board Rate
Over 120% but not more than 130%	85% of Applicable Board Rate
Over 130% but not more than 140%	80% of Applicable Board Rate
Over 140%	75% of Applicable Board Rate

(ii) The social services district must use the same option for all subsidized adoptions. If a social services district wishes to change from one option to the other option, the district must inform the department in writing of the intended change at least 30 days prior to the effective date of the change. The district must use the newly selected option in all new subsidy agreements entered into on or after the effective date of the change. Subsidy agreements finalized before the effective date of the change will not be affected by the change.”

Prior to May 7, 2018, the Onondaga County DCFS followed CRR-NY Title 18, part 421.24 (c) (12) (i) option (b), to determine the adoption subsidy based on the percentage of the applicable board rate whereby an amount less than 100 percent, but not less than 75 percent, of the applicable board rate. In the Benefits Issuance Control System (BICS) Adoption Subsidy Rates are denoted by Level of Difficulty (LOD) 1-normal, 2-special and 3-exceptional and further broken down by (LOD) Modifiers A=95%, B=90%, C=85%, D=80% and E=75%.

For Federal participating cases, the reimbursement rates are 50% Federal, 31% State and 19% Local. Reimbursement rates for Federal non-participating cases are 62% State and 38% local.

Executive Summary

During the course of the audit we noted the following:

1. The estimated future increase in local dollars based on averaging 2018 modified rates from the date of adoption to age 21 would be approximately \$1.2 million.
2. The current Commissioner of DCFS and Welfare Attorney indicated the policy change was to ensure Kinship Guardianship and Adoption subsidy rates were equal, but this was not the case with other counties. (See chart on page 10).
3. Our applied methodology was deemed acceptable by the Deputy Director of Financial Operations.
4. It appears the Onondaga County Legislature was not informed of this policy change and the impact it would have on local dollars.

Recommendations:

- A. *We recommend County Administration consider revisiting this policy change and reinstate the use of modified rates based on the adoptive parents' income in order to avoid increased costs to the taxpayers in the future.*
- B. *We recommend in the future prior to Program Administration making arbitrary policy changes, Financial Operations is requested to perform a cost benefit analysis and determine a fiscal impact to local dollars.*
- C. *We recommend the department notify the Onondaga County Legislature of future potential policy changes to comply with the Onondaga County Charter, page 7/74, § 201.*

SECTION II

SCOPE AND METHODOLOGY

Scope and Objectives

The scope of this audit encompassed determining the number of adoption cases paying the respective prorated rates between 75% and less than 100% prior to the change in policy and estimating a future financial cost to the County.

Our objective for this audit was to determine:

- The future estimated increase in costs when all adoption cases will be receiving adoption subsidies at 100% of the child's applicable board rate.

Methodology

In order to complete our objective we:

- Reviewed Codes, Rules and Regulations of the State of New York (CRR-NY) Title 18, Part 421.24 Adoption with subsidy and New York Consolidated Laws, Social Services Law-SOS §453 Maintenance subsidy: handicapped or hard to place child.
- Reviewed the Onondaga County Charter pertaining to the Onondaga County Legislature.
- Obtained a listing as of 12/31/2017 of all children receiving an adoption subsidy with partial Federal and State funding with a Level of Difficulty (LOD) 1(normal), LOD 2 (special) and LOD 3 (exceptional) with modifiers (A=95%, B=90%, C=85%, D=80% and E=75%) and without modifiers.
- We chose 12/31/2017 as this was the last full year before the effective date of the policy change of May 7, 2018.
- We determined from the listing provided of 538 children, 198 children had LOD modifiers which met our criteria for extrapolating an estimated future financial impact to local dollars.
- We acquired birth dates and adoption dates from the Department.
- We averaged applicable rates including clothing and diaper (when applicable) allowances for the time periods 7/1/17-6/30/18 and 7/1/18-3/31/19 to estimate the average local component of the respective modified rates.
- We applied these rates on an average age of children at adoption to age 21.
- We used the above information and applied it to the cases we identified as having a modified adoption subsidy rate and estimated the financial impact as if these cases were paid at 100% and not a modified rate.

- We adjusted our estimations based on applicable adoption criteria to reflect changes in ages ranging from 16-21.
- Provided our methodology for review and approval to the Deputy Director of Financial Operations.
- Contacted and received responses from 5 of 10 Commissioners of other counties (Oswego, Jefferson, Oneida, Cayuga, Cortland, Monroe, Albany, Broome, Orange and Erie) and summarized them.
- We determined equivalent estimated hours to process a new adoption case utilizing the estimated cost increase to the County of \$1.2 million.

SECTION III

FINDINGS AND RECOMMENDATIONS

ESTIMATED FUTURE COSTS

1. Based on 198 cases (with LOD Modifiers A-E rates) as of 12/31/2017 and averaging respective 2018 Maximum State Aid Rates (MSAR) for Foster Boarding Home Payments and Adoption Subsidies, we estimated from the date of Adoption to age 21 the cost to the local agency would be approximately \$1,227,245. This estimate does not include an inflationary factor.

We provided our methodology and calculations to the Deputy Director of Financial Operations who deemed them to be acceptable as a means to estimate the future financial impact on local dollars.

The summary estimation below is based on the theory case levels and types of cases (hard to place, physically or mentally challenged, etc.) remain consistent in future years.

ESTIMATED FUTURE FINANCIAL IMPACT				
ADOPTION YEAR	LOD 1	LOD 2	LOD 3	Total Estimated Local Cost from Year of Adoption to age 21 for LOD 1, 2,3
	Estimated Local Cost from Year of adoption to age 21	Estimated Local Cost from Year of adoption to age 21	Estimated Local Cost from Year of adoption to age 21	
2002	\$ 10,457	\$ 35,230	\$ -	\$ 45,687
2003	15,686	8,807	25,229	49,722
2004	61,984	-	-	61,984
2005	44,583	17,615	-	62,198
2006	30,043	32,449	13,315	75,807
2007	56,756	47,282	12,614	116,652
2008	18,199	6,026	22,426	46,651
2009	5,229	32,449	25,229	62,906
2010	72,628	38,938	19,622	131,188
2011	55,044	18,542	9,110	82,696
2012	34,801	5,563	21,024	61,388
2013	32,049	49,136	7,709	88,894
2014	70,069	25,495	18,922	114,486
2015	53,879	65,361	-	119,240
2016	55,047	20,396	12,614	88,058
2017	19,688	-	-	19,688
Totals	\$ 636,142	\$ 403,289	\$ 187,814	\$ 1,227,245

INQUIRES & RESPONSES

We contacted the current Commissioner of DCFS inquiring either programmatically or fiscally of the rationale behind this policy change. He indicated this decision was made prior to his appointment as commissioner and deferred to the County Welfare Attorney.

Their recollection of the matter was a desire to have “an apples to apples comparison with a desire to increase the attractiveness of a permanent home with adoptive children.”

We contacted the Deputy Commissioner of DCFS and the Accounting Supervisor Grade B of Financial Operations inquiring when Kindship Guardianship started and if the subsidy payments started at reduced rates (95%-75%) and then changed to 100%.

Their response indicated Kindship Guardianship started in May of 2013 and was always 100%.

We contacted the current Commissioner of DCFS, inquiring if the department received or was aware of any negative feedback from potential adoptive parents relating to the reduced rates and whether or not anyone decided not to adopt due to the differences in the rates.

The Commissioner stated, "I have no idea, but I do know that once we started Kindship the two subsidies needed to be equal."

We contacted the Deputy Director and Accounting Supervisor Grade B of Financial Operations inquiring if they were contacted by anyone in DCFS to do a cost/benefit analysis of the policy change before then Deputy Commissioner of DCFS sent his letter to the New York State Office of Children and Family Services (NYS OCFS) on April 6, 2018.

The Accounting Supervisor Grade B stated, "No we were not contacted by anyone in DCFS to perform a cost analysis."

2. We note and question the decision of this new policy based on the following:
 - I. DCFS could not provide documentation as to prospective adoptive parents wavering on their decisions due to receiving a modified adoption subsidy.
 - II. The policy change came five years after the Kindship program started.
 - III. A cost benefit analysis was not performed identifying factors which would offset and support an increase in local dollars.
 - IV. The modified rates of 75% to 95% DCFS was using were in compliance with subsidy payment guidelines.
 - V. Kinship program guidelines require its subsidy payment to be NOT LESS than the lowest adoption rate, which is 75% and there is no mention all the rates have to be the same.
 - VI. Other surrounding counties continue to use the modified rates.
 - VII. NYS OCFS was not mandating the change in the adoption subsidy payments from a modified board rate to 100% of the child's applicable board rate.

We contacted 10 Commissioners of other county's adoption agencies Oswego, Jefferson, Oneida, Cayuga, Cortland, Monroe, Albany, Broome, Orange and Erie, five responded. Our questions and their respective responses are presented below.

OTHER COUNTIES-ADOPTION AND KINSHIP GUARDIANSHIP SUBSIDY PAYMENT PRACTICES, CASES, STAFFING					
	Oswego	Cayuga	Cortland	Broome	Orange
Does your county pay Adoption and Kinship Guardianship subsidies at 100% or reduced rates?	Both subsidies paid at reduced rates from 75% to 100%.	Adoption subsidies based on annual income of adoptive parents and household income. Kinship Guardianship Subsidies paid at 100%.	Pay at 100% of the child's applicable board rate for both.	Adoption-pay reduced rates although most families qualify for 100% rates. Kinship Guardianship pay at 100% rates.	Pay both at 100%.*
How many adoption cases do you currently have and how many new ones do you get annually?	202 active cases. New cases for intake in 2019 = 22 and 2020 = 25 cases.	12 active cases. New cases: typically 5-8 annually.	220 active cases. New cases: average 10 new cases each year.	336 active cases. New cases: approximately 24 new cases per year.	66 active cases. New cases: on average approximately 40 cases annually.
What is your staffing level (i.e. number of supervisors, number of workers) that process adoption cases?	1 senior caseworker. 3 home finding caseworkers. These people also have other duties in foster and adoptive home finding.	1 Adoption Supervisor. 1 Adoption Caseworker. This caseworker also holds foster care/preventive cases and conducts private Adoption Homestudies as a courtesy to Surrogates Court.	1 supervisor. 1 dedicated caseworker. Supervisor oversees 7 direct report staff.	1 supervisor. 2 senior caseworkers, 1 caseworker. These staff have non-adoption cases as well.	1 senior caseworker. 3 social caseworkers.
*Commissioner stated, "We used to reduce the adoption board rate based on foster parent's income, however we ceased this practice prior to the initiation of KinGAP. We found that reducing the board rate for foster parents considering adoption of their foster child was a disincentive to adoption and permanency for the child. In the same way, it also created a disincentive for non-foster parent adoptions of hard to place children and youth since adoptive families are also paid at the foster care board rate prior to finalization."					

Onondaga County pays at 100% of the applicable board rate for both Adoption and Kinship Guardianship Subsidies. Please note, currently as of 10/26/2021, there are 644 Adoption Subsidy cases. Since 2015, the average of new cases per year is 44 with a low of 24 and a high of 60, depending on the year. There is one Income Maintenance worker who does Adoption Subsidy cases. The Income Maintenance Supervisor I oversees this work.

We noted the time and effort to process new cases could not have been a contributing factor in the policy decision change. This is based on the potential increase in costs of \$1,227,245 divided by averaging the salary and fringe benefits of the Case Supervisor B, Case Worker, Income Maintenance Supervisor I, Income Maintenance Worker and Accounting Supervisor Grade B of \$46.35, which equated to 26,478 in labor hours and then dividing the labor hours by an estimated number of new cases of 25 to 50. This resulted in a processing time for new cases of 1,059 to 530 hours respectively. Based on these results it seems highly unlikely it takes this many hours to process new cases where income determination was needed prior to the policy change. Therefore, we can conclude processing time could not have been a factor in the decision to stop utilizing the cost saving measures of determining modified rates. This is illustrated below.

**ESTIMATED
COMPARABLE WORK HOURS TO DETERMINE COST INCREASE**

Estimated Average Hourly Rate

Estimated Salary & Fringe Benefits *		\$421,821
Estimated Number of Hours	(5x52x35) =	9,100
Estimated Average Hourly Rate	(\$421,821 / 9,100) =	\$46.35

Estimated Equivalent Work Hours

Estimated Increased Cost		\$1,227,245
Estimated Average Hourly Rate		\$46.35
Estimated Equivalent Work Hours	(\$1,227,245 / \$46.35) =	26,478

Equivalent Hours to Process New Cases

Number of New Cases Annually		Hours
25	(26,478 hrs / Cases) =	1,059
30		883
40		662
50		530

* Salary & fringe benefits of 5 employees ~ Case Supervisor B Adoption, Case worker, Income Maintenance Supervisor I, Income Maintenance Worker and Accounting Supervisor Grade B

Recommendation

- A. *We recommend County Administration consider revisiting this policy change and reinstate the use of modified rates based on the adoptive parents income in order to avoid increased costs to the taxpayers in the future.*

- B. *We recommend in the future prior to Program Administration making arbitrary policy changes, Financial Operations is requested to perform a cost benefit analysis and determine a fiscal impact to local dollars.*

LEGISLATIVE OVERSIGHT

3. We noted based on an on-line review of the Onondaga County's web site's Health & Human Services Committee Minutes this policy change was not discussed in Legislative chambers as we found no mention of this matter a few months prior and after the letter dated April 6, 2018 from then Deputy Commissioner, James Czarniak to the Permanency Specialist-New York State Office of Children and Family Services (NYS OCFS) regarding DCFS' intention to change how the district determines adoption subsidy payments. Anne Rooney, Deputy County Executive for Human Services was copied in this letter.

According to the Onondaga County Charter, page 7/74, §201. County Legislature; Status and Title, "the county legislature shall constitute the legislative, appropriating, policy determining and governing body of the county."

Recommendation

- C. *We recommend the department notify the Onondaga County Legislature of future potential policy changes to comply with the Onondaga County Charter, page 7/74, §201.*

SECTION IV

EXHIBIT



County of Onondaga
Children & Family Services

Child Welfare • Juvenile Justice • Youth Bureau • Children's Mental Health • School-Based Initiatives
JOHN H. MULROY CIVIC CENTER
421 MONTGOMERY STREET
SYRACUSE, NY 13202
www.ocfsv.net

Joanne M. Mahoney
County Executive

Ann Rooney
Deputy County Executive
Acting Commissioner

April 6, 2018

Suzanne Colligan
Permanency Specialist
NYS OCFS
100 S. Salina St., Suite 350
Syracuse, NY 13202

Dear Suzanne:

Please let this letter serve as notice to NYS Office of Children and Family Services of Onondaga County Department of Children and Family Services' intention to change how our district determines adoption subsidy payments. Beginning May 7, 2018, Onondaga County DCFS will be paying adoption subsidies at 100% of the child's applicable board rate. This change will be equal to the rate used by our district for Kinship Guardianship subsidies as stated under section 453 of the Social Services Law.

Unless, we hear different from your office, Onondaga County DCFS will implement this change effective May 7, 2018 for all Adoption Subsidies; equaling the rate used by us for Kinship Guardianship Subsidies.

I am looking forward to hearing from you soon.

Thank you.

Best,

A handwritten signature in black ink, appearing to read "JCZ", written over the typed name.

James Czarniak
Deputy Commissioner
Onondaga County DCFS

Cc: A. Rooney

SECTION V

MANAGEMENT RESPONSES

- A. *We recommend County Administration consider revisiting this policy change and reinstate the use of modified rates based on the adoptive parent's income in order to avoid increased costs to the taxpayers in the future.*

The Department of Children and Family Services is charged with securing safe and permanent living arrangements for all foster youth, Adoption is one such option that allows for a mutual lifelong commitment between youth and their adoptive parent. This form of permanent permanency provides stability, a sense of future, and a psychological sense of belonging because the family has committed to care for them forever. It also provides a sense of continuity and consistency for the youth in how they are raised.

Adoption differs from Kinship Guardianship as it is permanent where guardianship ends at ages 18-21. While the two offer permanency options, only one is life long, Adoptions. Reinstating the modified rates based on the adoptive parent's income would create an inequity in permanency options with the possibility of having a child in care remain in Kinship Guardianship as a permanency option.

Perspective Adoptive parents and Kinship Guardian relatives should be provided the same rate of stipend among both permanency options that best suits the needs of the children, youth, and the families. If a family member is willing to adopt and provide a permanent permanency option for a youth, they should be offered the same options as if they were a Kinship Guardian.

- B. *We recommend in the future prior to Program Administration making arbitrary policy changes, Financial Operations is requested to perform a cost benefit analysis and determine a fiscal impact to local dollars.*

While there are costs associated with Adoptions and Kinship Guardianship, we believe the focus of our investment should be to secure the future of our most vulnerable youth.

- C. *We recommend the department notify the Onondaga County Legislature of future potential policy changes to comply with the Onondaga County Charter, page 7/74, §201.*

Federal and State Child Welfare policies are communicated to Onondaga County Department of Children and Family Services through the state Office of Children and Family Services. DCFS programmatic polices are developed from within and based on community and functional needs.