

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

2022 South Dakota Legislature

FISCAL NOTE 2022-FN1133A

HB 1133 – An Act to provide that the cost of a home study required for an adoption is the responsibility of the Department of Social Services.

This bill would require all children placed in a home for adoption have a home study by a licensed child placement agency, the Department of Social Services (DSS), or a certified social worker licensed to do private practice. The bill would require all expenses related to the home study to be the responsibility of DSS, which would include a fingerprint check by the Division of Criminal Investigation (DCI). For any adoptions occurring through DSS, an FBI background and fingerprint check would also be done. While the bill is unclear as to who pays for the FBI background check, for purposes of this analysis, it is assumed DSS will also pay for this check.

According to the United Judicial System (UJS), there were 431 adoptions through the court system in FY2021. Of those adoptions, 262 were processed through DSS and 169 adoptions not processed by DSS. DSS estimates 277 adoptions in FY2022, which is 5.7% higher than FY2021. Applying the same growth to adoptions not processed through DSS would generate an estimate of 179 adoptions in FY2022 for a total of 456 estimated adoptions.

In FY2021, DSS contracted with Lutheran Social Services (LSS) to perform home studies at a cost of \$900,634. In that fiscal year, 204 homes were studied at approximately \$4,414 per study. In FY2022, DSS renewed the contract with LSS with the terms to do 300 home studies at a cost \$922,249, or roughly \$3,074 per home study. This is a 30% reduced cost per home study between FY2021 and FY2022. If the bill were enacted, DSS would be the sole buyer of background checks and home studies, which should result in some cost savings on a per home study basis. Assuming a decline of 15% in the cost per home study in FY2023, the cost per home study could be estimated at roughly \$2,600 per home study.

Using the estimated number of adoptions of 456 and the estimated cost of \$2,600 per home study, the estimated cost for DSS to do all home studies would be \$1,185,600. As a part of the home studies, a fingerprint and background check would be done by DCI and paid for by DSS. The cost is \$26.75 per background check. Given there are generally two parents per adoption and with an estimated 456 adoptions, the cost of the background checks would be \$24,396. The bill would require an FBI background and fingerprint check for all adoptions of children in the care of DSS. With a cost of \$43.25 per FBI background check and given the same assumptions about the parents and for 277 adoptions, the total cost would be \$23,961. The total cost to do the background checks and the home studies for all adoptions is estimated to be \$1,233,957 in FY2023. In FY2022, the home study contract is for \$922,249 for 300 home studies. This amount is already a part of the base budget for DSS. DSS would need an additional \$311,708 from the General Fund for the additional expenses in this bill.

Data for this analysis came from DSS, UJS, and DCI. As of the date of this fiscal note, the bill is in the possession of the House Committee on Health and Human Services, which deferred the bill and a passed amendment to a later day.

APPROVED BY: /s/ Reed Holwegner

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