Impact Analysis-Proposed Permanent Rule Change

Agency: NC Department of Health and Human Services (DHHS)
Division of Social Services (DSS)
Child Welfare Section

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Rule Citation & Chapter Name:
10A NCAC-70B: Foster Care Services
70B.0102 Eligibility

10A NCAC-70M: Adoption Standards
70M .0402 Eligibility Requirements for Regular Monthly Case Assistance Payments or Vendor Payments

10A NCAC-70P: Guardianship Assistance Program
10A NCAC 70P.0101 Scope
10A NCAC 70P.0102 Purpose
10A NCAC 70P.0103 Definitions
10A NCAC 70P.0104 Guardianship Assistance Program Eligibility
10A NCAC 70P.0105 Guardianship Assistance Program Requirements

G.S. 143B-153
Session Law 2015-241, Section 12C.4

Summary of Impact:
State Impact: Yes
Local Impact: Yes
Federal Impact: Yes
Private Sector: Yes
Substantial Impact: Yes
I. Overview and Rationale for Proposed Rule

Public Law 110-351, Fostering Connections to Success and Increasing Adoptions Act of 2008, provides states with the option to continue providing Title IV-E reimbursable foster care, adoption, or guardianship assistance payments to children up to the age of 21. If a state opts into expanding IV-E foster care to age 21, then they must extend adoption assistance and guardianship assistance to age 21 for youth adopted from foster care at 16 and 17 years of age and continue to meet the educational or employment requirements.

The North Carolina Session Law 2015-241 2015 Appropriations Act rewrites G.S. 131D-10.10 to charge the Social Services Commission with the power and duty to “adopt any rules necessary for the expansion of foster care for individuals who have attained the age of 18 years and chosen to continue receiving foster care services to 21 years of age in accordance with G.S. 131D-10.10.” Additionally, state law requires the Department of Health and Human Services, Division of Social Services (Division), to develop a plan for the expansion of foster care services for individuals who have attained the age of 18 years old and opt to continue receiving foster care services until reaching 21 years of age to be implemented by January 1, 2017. Per federal law, this plan must also include the expansion of adoption assistance. Research has consistently shown that youth who remain in care beyond age 18 receive additional independent living services, progress further in their education, experience less economic hardship, and experience less involvement with the criminal justice system than those who exit care at 18.1 Expanded foster care provides more positive outcomes for youth in care and has demonstrated cost savings for states by decreasing welfare, Medicaid, and criminal justice expenses over time.2

Session Law 2015-241, Section 12C.4 provides instructions to county child welfare agencies on how to implement Guardianship Assistance Programs in their counties. Guardianship assistance provides an alternative route to permanence when reunification and adoption has been ruled out as appropriate plans for youth. Guardianship assistance is also sensitive to potential guardians’ and children’s concerns about adoption and provides permanence for youth who would otherwise remain in foster care for the same period of time during which guardianship assistance benefits are provided.

Guardianship assistance benefits will increase the number of youth exiting care to permanence by providing continued funds to assist in the costs of care for the youth. Some guardians currently receive WFFA child-only benefits when assuming guardianship of a youth while others may qualify for no benefits, resulting in a significant loss of financial support. Licensed caretakers often refuse to assume guardianship of the youth recognizing that remaining in care provides additional benefits and support for the youth. The Guardianship Assistance Program will address this disincentive to obtaining permanence.

II. Summary of Proposed Rules

10 NCAC 70B.0102 amends the eligibility criteria for individuals between the ages of 18 and 21 receiving foster care assistance payments to align with federal and state law. The proposed rule

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1 A 2009 study by Peters, Dworsky, Courtney, and Pollack found that foster youth who receive benefits until the age of 21 are twice as likely to complete one year of college and earn an average of $72,000 more over their lifetime than foster youth who exit care programs at the age of 18 (p. 5-7). Mason Burley and Stephanie Lee corroborated the impact of expanding care for foster youth on education using data from Washington, and also found that participation led to a 2.6 percentage point reduction in arrests (p. 16, 2010).

2 Expanded foster care has shown a three-month reduction in food stamp usage leading to a savings of $330 per participant (Burley and Lee p. 15, 2010). Tom Packard’s 2006 analysis using data from California found that extending foster care until the age of 23 could reduce Medicaid spending by nearly $55 million (p. 6). As Burley and Lee found in Washington, a 2.6 percentage point reduction in arrests saves $2,726 per participant (p. 16, 2010).
specifically adds three additional conditions for individuals under age 21 to be able to receive foster care assistance payments if the individual is:

- Participating in a program or activity designed to promote or remove barriers to employment or
- Employed for at least 80 hours a month or
- Incapable of doing any of the previously described educational or employment activities due to a medical condition.

Additionally, it authorizes these individuals to reside in supervised independent living settings. Foster youth who age out of care at age 18 with no continued services or supports are at a higher risk of homelessness, unemployment, incarceration, and early pregnancy. Expanding foster care to age 21 provides increased opportunities for youth to successfully transition into adulthood. The additional time in care allows these youth to address the needs for healthcare, education, employment, housing, and emotional support. Youth who exit care through adoption or guardianship assistance at 16 or 17 experience the same positive outcomes from the additional benefits until age 21. LINKS services and NCREACH benefits will continue to be available to youth who meet the eligibility criteria.

10 NCAC 70M .0402 amends the eligibility criteria for individuals receiving adoption assistance to expand the age to 21 years to align with federal and state law. Additionally, it clarifies, by adding and obsoleting language to align with current law.

Session Law 2015-241, Section 12C.4 made funds available for the financial support of youth who are determined to be

(i) in a permanent family setting,
(ii) eligible for legal guardianship, and
(iii) otherwise unlikely to obtain permanency

The Guardianship Assistance Program will reimburse for room and board and be set at the same rate as the foster care room and board rates in accordance with rates established under G.S. 108A-49.1.

III. Fiscal Impact Analysis

Session Law 2015-241 re-writes G.S. 108A-49.1 to hold counties harmless from contributing to the nonfederal share of the foster care maintenance cost for individuals between 18 and 21 years of age. However, counties will still be responsible for their share of foster care administrative costs. Since federal law requires the expansion of adoption assistance for individuals adopted at age 16 and 17, there will be a slight increase to these payments.

Costs

1. Number of eligible youth

Calculations provided below for foster care assistance payments are calculated by using projected growth rates established by examining the growth rates for youth in care since 2009 and consideration of the ages of youth in care at this time that would be 18-21 within the projected years. The calculations reflect the impact of expanded foster care for a cohort of children who would be in the affected age range between 2017 and 2020. Projections indicate that there will be 11,161 youth in foster care in 2017. The total foster care population is expected to grow by 4.7% annually from 2017-2020. On average, 5.7% of the population ages out of the program at 18 every year.³

Youth adopted at age 16 or 17 are also eligible for extended payments until age 21 if they meet the educational or vocational criteria. Data indicate that 41 youth were adopted at age 16 or 17 in 2016.

³ Based on historical DSS data from 2009-2015
number of youth that will be adopted at age 16 or 17 was projected based on current trends. Trends show a negative growth rate of approximately 17% per year.4

The number of youth that will exit to guardianship assistance programs was calculated based on the current number of youth who are 14-17 and are currently in placements that meet the requirements for assisted guardianship. Eligibility is based on the amount of time the youth has been in the home and that the placement has been receiving a payment for the youth for at least six consecutive months. Currently, 266 youth are eligible for the guardianship program. Of those eligible, this analysis assumes that eligible youth in therapeutic foster care placements will not exit to guardianship but all other eligible youth will eventually exit to guardianship. Children in therapeutic foster care settings are unlikely to exit to guardianship and are excluded from the impact estimates. Therapeutic foster parents are not as likely to assume guardianship due to the extent of needs for youth and more time-limited placement. In some cases, therapeutic providers are eligible for higher payment rates than what is available through GAP. There is no way to determine with greater accuracy the number of youth who would be exiting to guardianship. Utilizing data from other states is not possible since states have the discretion to establish guidelines for assisted guardianship so data varies significantly from state to state.

2. Age 18+ Participation Rate and Drop Out Rate

While there is no way to determine the exact percentage of youth that will be participating in the expanded foster care program, it was projected that 70% of 18-21 year olds would be participating in the program with a 20% drop out rate each consecutive year based on information from several other states, to include Texas and Wisconsin, that have previously implemented expanded foster care. The number of youth participating in expanded foster care is a high estimate and there is no reason to expect that North Carolina would exceed these figures.

We assume that all of the non-therapeutic foster care youth who are eligible for guardianship will exit foster care into guardianship placements between ages 14 and 17. This population represents about 50% of all eligible youth. Furthermore, we assume that an equal proportion of youth who become eligible at age 14 will exit foster care at ages 14, 15, 16, and 17. Of those who are eligible for extended assistance payments past their 18th birthday (those who exited to GAP at age 16 or 17), we assume the same participation rate (70%) and yearly drop-out rate (20%) as the expanded foster care population. Youth adopted at age 16 or 17 are also eligible for extended payments. Those payments will be sent automatically unless the adoptive parent notifies the agency that the youth is no longer meeting the educational or vocational requirements. This analysis assumes 100% of eligible adopted youth will receive payments from age 18-21.

The total number of children expected to participate in the extended foster care and adoption programs as well as the GAP program is shown in the table below (Table 1).

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4 Based on historical DSS data from 2010-2016
3. Payment Rates and Federal-State Cost Sharing

The Federal, State, and County shares were calculated using the current Federal Medical Assistance Percentages (FMAP) that was in place when the projections were made in 2015. The FMAP varies slightly from year to year based on the individual state income as compared to the continental US income and typically varies by only a few tenths of a percentage point from year to year. The standard board rate for youth 13 – 21 is currently $634.00 and the FMAP is 66.24% for federal fiscal year 2016 and varies by only a few tenths of a percentage point from year to year based on the individual state income as compared to the continental US income. Implementation of expanded foster care and the guardianship assistance program would not have any effect on this rate.

Eligibility for Title IV-E funding and Federal participation in the costs of care and administrative costs will be a new determination for youth 18-21 and it is expected that 80% of these youth will qualify for Federal funding with the expansion of foster care. This is a conservative projection as no sufficient data is available to assist in determining the number of youth who will qualify. Eligibility is determined, in large part, by the youth’s income. The demographics of the population served and Title IV-E eligibility requirements were considered when determining this projection. It is likely that more than 80% of the 18-21 population will be eligible for IV-E funds, meaning that the state’s share of the cost will likely be lower. We provided an upper-bounds estimate due to uncertainty.

Calculations for adoption assistance payments were calculated based on the current trend in adoptions for youth 16-17 years old. Eligibility for benefits from 18-21 would not change for youth from the time of initial eligibility so the projected payments were determined based on youth who would be aging out.

Youth who exit care as a result of guardianship assistance would otherwise remain in care and receive payments at the same board rate so there are no new costs associated with the implementation of this program. Expanded foster care costs for maintenance payments have already been reflected and youth who did not exit through assisted guardianship would remain in care and continue to receive monthly maintenance benefits.

A recent study on transition aged youth from Washington state found that youth who exit foster care to guardianship are more likely than their peers in foster care to meet the educational requirements for extended services past age 18.5 Implementation of the Guardianship Assistance Program in North Carolina may therefore increase the number of youth who will qualify for payments from ages 18-21. However, this analysis assumes that youth in guardianship will opt to extend services to 21 at the same

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rate (70%) as youth in foster care. The potential cost differences are not reflected in this analysis due to the small number of youth (approximately 30) who may exit to guardianship at age 16 or 17 and receive extended payments and the lack of data available to make informed judgements on the difference in participation rates between the two populations.

Youth currently in care on Contractual Agreements for Residential Services (CARS) are funded fully with state and county funds. Although these agreements will continue to be honored after implementation of extended foster care, they will eventually be phased out as the agreements expire or are terminated. If a youth who was previously on CARS later comes back to receive foster care services, the youth will receive services through the expanded foster care program. Due to the elimination of new CARS and existing CARS being phased out, as well as the projected 80% of youth qualifying for Federal funding under expanded foster care, the amount of county and state funds utilized will be substantially lower. The savings from receipt of Federal dollars have been calculated in the summary of benefits table provided below. The administrative costs for youth on CARS and expanded foster care would be the same.

4. Administrative Costs – Staff Time

The administrative costs for expanded foster care were calculated using the reimbursement rate for IV-E eligible children by determining the additional number of social workers and overhead expenses that would be included with the projected increase in youth remaining in care. The caseload sizes for youth in foster care are 15 children per social worker and this would also be true for youth in expanded foster care. The number of youth who will be remaining in care resulted in the need for 87 new social workers by FY2020 (Table 2). A midpoint estimate of employee costs (salary plus benefits) of $65,887 and an overhead rate of 97.89% were used to calculate total administrative costs.6

<table>
<thead>
<tr>
<th>Table 2: Total Social Worker Costs by Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Total extended foster care participants</td>
</tr>
<tr>
<td>Social Workers needed</td>
</tr>
<tr>
<td>15 children per caseworker</td>
</tr>
<tr>
<td>Employee Cost</td>
</tr>
<tr>
<td>Overhead Cost</td>
</tr>
<tr>
<td>Total Admin Cost</td>
</tr>
</tbody>
</table>

The ongoing administrative requirements for adoption assistance involve sending out a yearly mailing to each family. The costs associated with this task are minimal, so no calculations have been provided.

As with adoption assistance, there are few administrative costs linked to the ongoing provision of guardianship assistance benefits so there are no calculations provided for that expense. In fact, the Guardianship Assistance Program would result in savings for the state and counties as a result of reduced administrative costs as compared to the amount of administrative time needed for youth who would be remaining in foster care.

5. Private Cost of Guardianship

Guardians must be licensed foster parents and have received a monthly payment for six consecutive months prior to receipt of guardianship assistance but there are no costs expected to be linked to this requirement since states are currently required to offer licensing to all relatives with whom youth are placed.

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6 Salary, benefits, and overhead estimates were based on the total administrative costs for 2015.
Benefits

Foster Care Expansion
In other states that have extended foster care benefits to youth to age 21, the observed benefits to foster youth include higher educational attainment and earnings, and decreased arrests. Taxpayers have benefited from foster youth’s increased productivity as well as reduced public assistance and criminal justice costs. Studies conducted on foster care expansions in Illinois and Washington estimate the value of these benefits.

1. Private Benefits:
   - Higher educational attainment and higher lifetime earnings: As a result of higher education, fostered youth under expanded care earn more over their lifetime than those who are not. One study found that foster youth who receive expanded care will average 3.35 more months in college than their peers who exit at 18 and thus earn $35,431 more over their lifetime.7 Another study found that 20.4 percent of foster youth with extended care earned a bachelor’s degree while 10.2 percent of those whose care ended at 18 earned a bachelor’s degree. Extending foster care increased the rate of attending “any college” (but not completing a bachelor’s degree) by 18 percentage points (58% compared to a baseline of 30%). The overall added value of a bachelor’s degree divided by the predicted graduation rates yields an estimated benefit of $49,620 per person while value of completing some college but not earning a bachelor’s degree is estimated at $36,200 per person. Taken together, the study concluded that the best estimate of the added value of higher educational attainment (including any college and completed bachelor’s degrees) resulting from extended foster care was an average of $72,000 per person in 2009 dollars.8

2. Public Benefits:
   - Reduced criminal justice costs: Burley and Lee’s matched pairs study found that 16.3 percent of the group who exited foster care at 18 were arrested at least once while only 13.7 percent of those who remained in foster care until 21 were arrested (Burley and Lee p. 16, 2010). With a lower arrest rate of 2.6 percentage points, the government can save $2,726 per person.9
   - Reduced food stamp costs: Foster youth who receive extended care utilize three fewer months of food stamps than those who do not, equaling a savings of $330 per person.10

To quantify the private benefits of extended foster care, the $72,000 estimate of the value of higher education for the foster care population (which incorporates expected attendance and graduation rates) was first inflated from 2009 dollars to 2016 dollars using historical nominal wage growth rates from the Bureau of Labor Statistics. The 2016-equivalent lifetime earnings ($86,400) was then annualized across all working years (from age 21-60). Finally, the value of all future earnings was discounted by 7% to reach a present-year value of $25,535. This amount was multiplied by the number of new participating 18-year-old individuals each year to calculate the private benefits from extended care and education.

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Youth and their families also receive the direct benefit of the foster care assistance payments. Together, the increased lifetime earnings and the foster care payments account for the total quantified private benefits.

The public benefits of avoided criminal justice and food stamp costs ($2,726 and $330 per person, respectively) were inflated using the consumer price index of 1.1% to reach a current value of $2,999 and $363, respectively. These avoided costs were multiplied by the number of new participating 18-year-old individuals each year to calculate total public benefits.

Additional public and private benefits that may arise from the extended foster care program are unquantified due to lack of data.

**Guardianship Assistance Program**

Subsidized guardianship allows children to maintain connections with their family and community when adoption or reunification is not an option. Financial support for legal guardianship helps eligible children remain with kin and kin-like adults who may not otherwise be able to support them over the long term.\(^\text{11}\)

Evidence suggests that guardianship assistance programs increase permanency for youth and may contribute to improved well-being outcomes compared to youth in foster care:

- The results of a randomized controlled trial of a guardianship assistance program in Illinois found that guardianship increased permanence by 6.1 percentage points compared to the control group that was not offered a guardianship assistance option. The study included children ages 9-18.\(^\text{12}\)
  Data from Montana and Illinois’ experimental studies of guardianship assistance programs suggest that children in guardianship have outcomes similar to adopted children on measures of school performance, engagement in risky behaviors, and access to community resources.\(^\text{13}\)
- The Center for Law and Social Policy reports that, in addition to experiencing fewer placements, children in kinship programs are also more likely to live with their siblings than are children in foster care programs.\(^\text{14}\)

Although additional subsidized permanency options benefit youth, especially youth who want to maintain ties to their family and communities, the benefits of the guardianship program cannot be quantified due to lack of randomized control-designed research on the effect of guardianship placements on lifetime health and well-being outcomes. It is unclear whether the differences in outcomes between children in foster care and children in guardianship result from the placement with a guardian, or whether those differences are the result of having an invested kin-like adult active in a child’s life (regardless of legal guardian status and child placement).


The guardianship assistance program does not require ongoing child welfare case monitoring and case management. Therefore, administrative costs will be reduced when youth exit foster care through guardianship assistance. The projected amount of savings are reflected below (Table 4).

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children in GAP</td>
<td>78</td>
<td>89</td>
<td>114</td>
<td>122</td>
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<tr>
<td>Federal</td>
<td>742,243</td>
<td>742,243</td>
<td>989,658</td>
<td>1,113,365</td>
</tr>
<tr>
<td>State</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>County</td>
<td>282,742</td>
<td>282,742</td>
<td>376,989</td>
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<tr>
<td>Total</td>
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<td>1,024,985</td>
<td>1,366,647</td>
<td>1,537,478</td>
</tr>
</tbody>
</table>

Adoption Assistance Expansion

The quantifiable private benefit of extended adoption assistance is the value of the adoption assistance payments themselves. An unquantifiable private benefit of the expansion arises from preventing a decline in adoption rates for older youth. Expanding adoption assistance services for youth adopted at age 16 and 17 was a federally-mandated precondition of expanding foster care. The adoption expansion is meant to prevent financial incentives from favoring foster care over adoption.

IV. Uncertainty within the Estimates

The following assumptions, while based on the best available data and professional experience, are sources of uncertainty in the economic impact estimates:

- 70% of eligible youth will participate in the extended assistance programs
- Only the youth who become eligible for the programs after the January 1 effective date will opt to participate
- Participants in extended assistance programs will drop out at a rate of 20% per year

Table 5 shows how state and county costs will change from the base estimate each year under different scenarios.

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15 Youth who age out at 18 and choose not to participate in the extended programs are permitted to opt in at a later date. In this case, youth who age out before the program implementation date would be permitted to opt in after January 1. This analysis considers only half of the population who will turn 18 in FY 2016 due to the January 1 effective date.
Table 5: Cost Sensitivity Analysis

<table>
<thead>
<tr>
<th></th>
<th>Base Estimate</th>
<th>50% Prgm Participation Rate</th>
<th>90% Prgm Participation Rate</th>
<th>All 18YO in FY2017 Participate*</th>
<th>0% Drop Out Rate for FC 18-21YO†</th>
<th>One Year Only Extended FC Participation‡</th>
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</thead>
<tbody>
<tr>
<td><strong>2017 Costs</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
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<td>NC Total</td>
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<td>3,240,972</td>
<td>5,575,356</td>
<td>8,808,720</td>
<td>4,408,164</td>
<td>4,408,164</td>
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<td><strong>2018 Costs</strong></td>
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<tr>
<td>State</td>
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<td><strong>2019 Costs</strong></td>
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<tr>
<td>State</td>
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<td>County</td>
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<td>3,675,646</td>
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<tr>
<td>NC Total</td>
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<td>25,160,063</td>
<td>22,500,754</td>
<td>22,933,712</td>
<td>18,845,496</td>
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<tr>
<td><strong>2020 Costs</strong></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>State</td>
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<td>5,277,951</td>
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<tr>
<td>NC Total</td>
<td>25,543,918</td>
<td>18,598,585</td>
<td>32,667,690</td>
<td>32,660,082</td>
<td>32,660,082</td>
<td>19,738,388</td>
</tr>
</tbody>
</table>

* Due to the January 1 effective date of the programs, this analysis considers only 6 months of costs and benefits for FY2017. This alternative scenario assumes that all of the youth that turn 18 in FY2017 (rather than half) may consider joining the programs at the 70% participation rate
† Rather than assuming that 20% of participants drop out each year between ages 18-21, this scenario assumes that participants remain in extended care for all three years.
‡ Rather than assuming that 20% of participants drop out each year between ages 18-21, this scenario assumes that participants, on average, drop out after one year.

The projected trends in benefits and costs for expanded foster care, adoption, and guardianship assistance are expected to continue beyond the four years detailed in the charts below. The numbers of youth participating in both is likely to increase after the first years of implementation as social workers have an opportunity to plan for permanency through assisted guardianship from the time of entry into care. In addition to the potential increase in participation, costs and benefits are likely to increase in the future due to the expected growth in the 14-18 year old foster care population. Based on historical enrollment data, DSS expects the foster care population as a whole to grow at a rate of approximately 9% per year after 2020. Youth ages 14-18 currently make up approximately 30% of the total foster care population.

V. Alternatives

**Alternative #1: Provide Guardianship Assistance program benefits to both licensed and unlicensed guardians.** This alternative was reviewed and determined to be a significantly greater cost to the state and a higher risk to youth than the “limited” benefits we have proposed. This alternative would have put youth at greater risk because unlicensed guardians would not receive the same training and support as licensed guardians. Furthermore, we risk the unintended consequences of financial considerations being incorporated into the decision making process with respect to Foster Care services being provided. The benefits of implementing the full options did not outweigh the costs.
Alternative #2: Implement the Foster Care program to youth after reaching age 18, but not all ages up to 21. The Children’s Bureau of the Administration for Children and Families allows states to implement Foster Care at any age, up to 21. When considering this option, we determined that the additional benefits for youth would be maximized by offering ages up to 21. Brain development research indicated that youth with traumatic histories are delayed in their development of higher order or executive level functioning. By offering the Foster Care program to youth up to age 21, the additional benefits to youth to obtain inhibitory control, for example, would be greater than the additional costs of the program.

VI. Economic Impact Summary
Extending foster care and adoption assistance to age 21 and implementing the Guardianship Assistance Program will have a substantial impact on all levels of government as well as foster care youth and their families. The private benefits generated by the programs far outweigh the public costs. In FY2020, the first year that incorporates a full cohort of youth ages 18-21, state and county costs amount to $5,097,823 and $4,099,759, respectively. DSS estimates the quantifiable private benefits at $25,753,272 in FY2020.

Government costs arise from the additional maintenance payments and increased staffing needs. Public benefits arise from the extended maintenance payments and the value of increased permanence and educational attainment.

The estimated costs and benefits are sensitive to assumptions about initial participation rates, length of participation, and uptake in FY2017. While the alternative scenarios modeled by the sensitivity analysis result in higher or lower costs to federal, state, and local governments compared to the base estimate, private benefits outweigh the public costs in all scenarios.

The projected trends in benefits and costs for expanded foster care, adoption, and guardianship assistance are expected to extend beyond the four years detailed in the charts below and increase over time. Participation is expected to increase as social workers become trained in the new permanency options and awareness of the program grows. Participation may also increase over time as the foster care population aged 14-18 grows.
### Table 6a: Cost to Extend Foster Care and Adoption Assistance Through 21YO and Implement GAP

<table>
<thead>
<tr>
<th></th>
<th>2017 (6mos)</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foster Care Assistance Payments</td>
<td>1,693,541</td>
<td>4,899,552</td>
<td>7,630,824</td>
<td>9,981,696</td>
</tr>
<tr>
<td>Adoption Assistance Payments</td>
<td>152,160</td>
<td>433,656</td>
<td>661,896</td>
<td>699,936</td>
</tr>
<tr>
<td>Administrative Costs</td>
<td>2,562,463</td>
<td>7,345,728</td>
<td>11,445,668</td>
<td>14,862,286</td>
</tr>
<tr>
<td>Guardianship Assistance Program</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,408,164</td>
<td>12,678,936</td>
<td>19,738,388</td>
<td>25,543,918</td>
</tr>
</tbody>
</table>

(+18) (+18 & 19) (+18, 19 & 20) (+18, 19 & 20)

### Table 6b: Distribution of Costs

<table>
<thead>
<tr>
<th>SFY</th>
<th>Federal</th>
<th>State</th>
<th>(County Hold Harmless)</th>
<th>Private(^\d)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foster Care Assistance Payments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>897,038</td>
<td>398,251</td>
<td>398,251</td>
<td>-C</td>
<td>1,693,541</td>
</tr>
<tr>
<td>2018</td>
<td>2,595,363</td>
<td>1,152,095</td>
<td>1,152,095</td>
<td>-C</td>
<td>4,899,552</td>
</tr>
<tr>
<td>2019</td>
<td>4,041,710</td>
<td>1,794,557</td>
<td>1,794,557</td>
<td>-C</td>
<td>7,630,824</td>
</tr>
<tr>
<td>2020</td>
<td>5,291,516</td>
<td>2,345,090</td>
<td>2,345,090</td>
<td>-C</td>
<td>9,981,696</td>
</tr>
<tr>
<td><strong>Adoption Assistance Payments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>65,514</td>
<td>58,539</td>
<td>28,107</td>
<td>-C</td>
<td>152,160</td>
</tr>
<tr>
<td>2018</td>
<td>181,423</td>
<td>171,764</td>
<td>80,468</td>
<td>-C</td>
<td>433,656</td>
</tr>
<tr>
<td>2019</td>
<td>277,175</td>
<td>262,735</td>
<td>121,987</td>
<td>-C</td>
<td>661,896</td>
</tr>
<tr>
<td>2020</td>
<td>292,293</td>
<td>277,999</td>
<td>129,643</td>
<td>-C</td>
<td>699,936</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SFY</th>
<th>Federal</th>
<th>State</th>
<th>County</th>
<th>Private(^\d)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foster Care Administrative Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1,855,608</td>
<td>-</td>
<td>706,855</td>
<td>-</td>
<td>2,562,463</td>
</tr>
<tr>
<td>2018</td>
<td>5,319,410</td>
<td>-</td>
<td>2,026,318</td>
<td>-</td>
<td>7,345,728</td>
</tr>
<tr>
<td>2019</td>
<td>8,288,383</td>
<td>-</td>
<td>3,157,286</td>
<td>-</td>
<td>11,445,668</td>
</tr>
<tr>
<td>2020</td>
<td>10,762,527</td>
<td>-</td>
<td>4,099,759</td>
<td>-</td>
<td>14,862,286</td>
</tr>
</tbody>
</table>

\(^\d\)-C represents the unquantified private costs of meeting the requirements for extended foster care and adoption assistance.
BENEFITS

Table 7a: Benefits of Extending Foster Care and Adoption Assistance to 21YO and Implementing GAP

<table>
<thead>
<tr>
<th></th>
<th>2017 (6mos)</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foster Care Assistance</td>
<td>9,016,293</td>
<td>20,212,855</td>
<td>23,657,981</td>
<td>26,768,761</td>
</tr>
<tr>
<td>Adoption Assistance</td>
<td>152,160</td>
<td>433,656</td>
<td>661,896</td>
<td>699,936</td>
</tr>
<tr>
<td>CARS Phase-Out</td>
<td>-</td>
<td>1,323,792</td>
<td>1,924,824</td>
<td>2,198,712</td>
</tr>
<tr>
<td>GAP (admin and payment savings)</td>
<td>1,024,985</td>
<td>1,024,985</td>
<td>1,366,647</td>
<td>1,613,558</td>
</tr>
<tr>
<td></td>
<td>10,193,439</td>
<td>22,995,289</td>
<td>27,611,348</td>
<td>31,280,967</td>
</tr>
</tbody>
</table>

Table 7b: Distribution of Benefits

<table>
<thead>
<tr>
<th>SFY</th>
<th>Federal</th>
<th>State</th>
<th>County</th>
<th>Private†</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Expanded Foster Care</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>-</td>
<td>748,292</td>
<td>-</td>
<td>8,268,001+B</td>
<td>9,016,293</td>
</tr>
<tr>
<td>2018</td>
<td>-</td>
<td>1,564,825</td>
<td>-</td>
<td>18,648,031+B</td>
<td>20,212,855</td>
</tr>
<tr>
<td>2019</td>
<td>-</td>
<td>1,637,772</td>
<td>-</td>
<td>22,020,209+B</td>
<td>23,657,981</td>
</tr>
<tr>
<td>2020</td>
<td>-</td>
<td>1,715,424</td>
<td>-</td>
<td>25,053,336+B</td>
<td>26,768,761</td>
</tr>
<tr>
<td></td>
<td>Phase-Out of CARS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2018</td>
<td>-</td>
<td>661,896</td>
<td>661,896</td>
<td>-</td>
<td>1,323,792</td>
</tr>
<tr>
<td>2019</td>
<td>-</td>
<td>962,412</td>
<td>962,412</td>
<td>-</td>
<td>1,924,824</td>
</tr>
<tr>
<td>2020</td>
<td>-</td>
<td>1,099,356</td>
<td>1,099,356</td>
<td>-</td>
<td>2,198,712</td>
</tr>
<tr>
<td></td>
<td>Expanded Adoption Assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>152,160+B</td>
<td>152,160</td>
</tr>
<tr>
<td>2018</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>433,656+B</td>
<td>433,656</td>
</tr>
<tr>
<td>2019</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>661,896+B</td>
<td>661,896</td>
</tr>
<tr>
<td>2020</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>699,936+B</td>
<td>699,936</td>
</tr>
<tr>
<td></td>
<td>Guardianship Assistance Program</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>742,243</td>
<td>-</td>
<td>282,742</td>
<td>+B</td>
<td>1,024,985</td>
</tr>
<tr>
<td>2018</td>
<td>742,243</td>
<td>-</td>
<td>282,742</td>
<td>+B</td>
<td>1,024,985</td>
</tr>
<tr>
<td>2019</td>
<td>989,658</td>
<td>-</td>
<td>376,989</td>
<td>+B</td>
<td>1,366,647</td>
</tr>
<tr>
<td>2020</td>
<td>1,153,681</td>
<td>35,764</td>
<td>424,113</td>
<td>+B</td>
<td>1,613,558</td>
</tr>
</tbody>
</table>

† +B represents the unquantified private benefits of meeting the requirements for extended foster care and adoption assistance as well as the unquantified benefits of GAP and expanded adoption Assistance
### Table 8: Net Economic Impact

#### Impact by Program Element:

<table>
<thead>
<tr>
<th></th>
<th>2017(6mos)</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foster Care Assistance</td>
<td>7,322,753</td>
<td>15,313,303</td>
<td>16,027,157</td>
<td>16,787,065</td>
</tr>
<tr>
<td>Adoption Assistance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Administrative</td>
<td>(2,562,463)</td>
<td>(7,345,728)</td>
<td>(11,445,668)</td>
<td>(14,862,286)</td>
</tr>
<tr>
<td>CARS Phase-Out</td>
<td>-</td>
<td>1,323,792</td>
<td>1,924,824</td>
<td>2,198,712</td>
</tr>
<tr>
<td>Guardianship Assistance</td>
<td>1,024,985</td>
<td>1,024,985</td>
<td>1,366,647</td>
<td>1,613,558</td>
</tr>
</tbody>
</table>

**Net Impact, All-Inclusive**

- 2017(6mos): 5,785,275 +B -C
- 2018: 10,316,353 +B -C
- 2019: 7,872,959 +B -C
- 2020: 5,737,049 +B -C

**Net Impact, NC**

- 2017(6mos): 7,861,192 +B -C
- 2018: 17,670,306 +B -C
- 2019: 19,490,569 +B -C
- 2020: 20,929,704 +B -C

#### Impact by Entity:

<table>
<thead>
<tr>
<th></th>
<th>2017(6mos)</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>(2,075,917)</td>
<td>(7,353,953)</td>
<td>(11,617,610)</td>
<td>(15,192,655)</td>
</tr>
<tr>
<td>State</td>
<td>(134,857)</td>
<td>(329,701)</td>
<td>(1,373,651)</td>
<td>(2,247,278)</td>
</tr>
<tr>
<td>County</td>
<td>(424,113)</td>
<td>(1,081,680)</td>
<td>(1,817,885)</td>
<td>(2,576,290)</td>
</tr>
<tr>
<td>Private</td>
<td>8,420,161</td>
<td>19,081,687</td>
<td>22,682,105</td>
<td>25,753,272</td>
</tr>
</tbody>
</table>

**Unquantified Private Impact**

- 2017(6mos): +B -C
- 2018: +B -C
- 2019: +B -C
- 2020: +B -C

**Net Impact, All-Inclusive**

- 2017(6mos): 5,785,275 +B -C
- 2018: 10,316,353 +B -C
- 2019: 7,872,959 +B -C
- 2020: 5,737,049 +B -C

**Net Impact, NC**

- 2017(6mos): 7,861,192 +B -C
- 2018: 17,670,306 +B -C
- 2019: 19,490,569 +B -C
- 2020: 20,929,704 +B -C

#### Net Present Value:

<table>
<thead>
<tr>
<th></th>
<th>NPV‡, All-Inclusive</th>
<th>NPV‡, NC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25,220,948</td>
<td>54,658,118</td>
</tr>
</tbody>
</table>

*All-inclusive net impact incorporates costs borne by the federal government. Net impact, NC includes only those costs and benefits borne by state or local government or NC residents.

†+B and -C represent the unquantified private benefits and costs of meeting the requirements for extended foster care and adoption assistance as well as the unquantified benefits of GAP and expanded adoption Assistance.

‡The net present value was calculated using a 7% discount rate.
APPENDIX: Proposed Rule Text

10A NCAC 70B .0102 is proposed for amendment as follows:

10A NCAC 70B .0102 ELIGIBILITY

(a) A county department of social services may determine a child eligible for foster care assistance payments if the following factors are established:

(1) The child has been removed for any reason from his or her own home or from the home of a specified relative by a judicial determination and placed in foster care as a result of that determination;

(2) The placement of the child in foster care has occurred pursuant to a voluntary placement agreement entered into by the parents or guardians of the child and such placement has not been in excess of 90 consecutive days unless there has been a judicial determination by a court of competent jurisdiction (within the first 90 days of such placement) to the effect that such placement is in the best interest of the child. If the voluntary placement agreement is continued for the second 90 day period, a new voluntary placement agreement must be completed and signed by all parties. The agency must file a juvenile petition and a hearing must be held before the end of the second 90 day period, or the child must be returned home;

(3) Responsibility for care and placement of the child is designated to the county department of social services by either the court order removing him or her from his or her home or by the voluntary placement agreement signed by the parent or guardian;

(4) The child lives in:

(a) a foster care facility under the supervision of a county department of social services and licensed by the Department of Health and Human Services;

(b) a private child caring institution which is licensed or approved by the Department of Health and Human Services and which is in compliance with Title VI of the Civil Rights Act;

(c) a private group home which is licensed or approved by the Department of Health and Human Services and which is in compliance with Title VI of the Civil Rights Act;

(d) a foster care facility which is under the auspices of a licensed or approved private child caring institution, provided such foster care services program has been licensed by the Department of Health and Human Services and is in compliance with Title VI of the Civil Rights Act;

(e) a foster care facility under the supervision of a private child placing agency (including those providing adoption services) and licensed by the Department of Health and Human Services; or
(f) a foster care facility located in another state, provided such facility is in compliance with Title VI of the Civil Rights Act and is licensed or approved in the other state, and provided such placement has been approved under the appropriate interstate placement procedure; and

(g) an allowable independent supervised living setting for youth 18 or older.

(5) The child is in need of care which is not available in his or her own home or the home of a relative;

(6) The child is less than 18 years of age and is a full-time student in a secondary school, or in the equivalent level of vocational or technical training, and may reasonably be expected to complete the program before reaching age 19; or

The child is less than 21 years of age and meets any of the following conditions:

(a) Completing secondary education or a program leading to an equivalent credential;
(b) Enrolled in an institution which provides post-secondary or vocational education;
(c) Participating in a program or activity designed to promote, or remove barriers to employment;
(d) Employed for at least 80 hours per month; or
(e) Is incapable of doing any of the previously described educational or employment activities due to a medical condition.

(7) The child is less than 21 years of age and is a full-time student or has been accepted for enrollment as a full-time student for the next school term pursuing a high school diploma or its equivalent, a course of study at the college level, or a course of vocational or technical training designed to fit him for gainful employment.

(b) Court action terminating parental rights shall not render a child ineligible for foster care assistance benefits if that child is otherwise eligible. A child may be eligible for foster care assistance benefits until the final decree of adoption is issued.

10A NCAC 70M .0402 is proposed for amendment as follows:

10A NCAC 70M .0402  ELIGIBILITY REQUIREMENTS FOR REGULAR MONTHLY CASH ASSISTANCE PAYMENTS OR VENDOR PAYMENTS

(a) The child shall meet the following eligibility criteria:

(1) The child is legally clear for adoption, or must have been legally adopted;
(2) The child is, or was, the placement responsibility of a North Carolina agency authorized to place children for adoption at the time of adoptive placement;
(3) The child has special needs that create a financial barrier to adoption; or the child has been legally adopted and the child’s special needs, though pre-existing, are detected after the adoption has been finalized and if known would have created a financial barrier to adoption;
(4) Reasonable but unsuccessful efforts have been made to place the child for adoption without the benefits of adoption assistance;
(5) The child’s special needs, though pre-existing, are detected only after his placement into an adoptive home;
(6) The child is under eighteen years of age; or the youth is under age 21, part of an adoption assistance agreement that is in effect that the youth had obtained 16 years before the agreement became effective; and
(7) North Carolina residency of the child and adoptive parents is not a requirement for the child to be eligible to receive regular monthly cash assistance payments or vendor payments.

(b) The child’s eligibility for Regular Monthly Cash Assistance Payments shall further be based on one or more of the following factors:

(1) The child is a member of a sibling group being placed together.
(2) The child could be placed for adoption with a known and approved family, but the circumstances of the family preclude assumption of full financial responsibility for the child.
(3) The child has special needs due to a handicapping condition.
(4) The child at the time adoption proceedings were initiated was eligible to receive regular monthly cash assistance payments under Title IV-E of the Social Security Act as:

(A) a dependent child who meets the requirements for Temporary Assistance for Needy Families (TANF) but for his removal from the home of a specified relative for placement in a foster care facility; or

(B) meeting the requirements of Title XVI of the Social Security Act with respect to eligibility for supplemental security income benefits.

For the child to receive regular monthly cash assistance payments, the adoptive parents must have entered into an agreement with the child's agency prior to entry of the Decree of Adoption. The agreement shall have set forth the respective responsibilities of the agency and the adoptive parents during the time of the child's eligibility for this assistance.

(c) A child's eligibility for vendor payments shall further be determined on the basis of documentation of:

(1) a known and diagnosed medical, mental, or emotional condition that will require periodic treatment or therapy of a medical or remedial nature; or

(2) a potential handicap due to hereditary tendency, congenital problem, birth injury, or other documented high risk factor leading to substantial risk of future disability.

A child's eligibility for vendor payments may be determined at any time during the child's minority if the medical, mental, or emotional condition, congenital problem, birth injury, or other documented problem is determined to have been pre-existing at the time of his or her placement into an adoptive home. Prior to the child's receipt of vendor payments, the adoptive parents must enter into an agreement with the child's agency to indicate the extent to which they desire the child to participate in this component of the program.

Authority G.S. 143B-153.
10A NCAC 70P .0101 is proposed for adoption as follows:

**SUBCHAPTER 70P – GUARDIANSHIP ASSISTANCE PROGRAM**

**SECTION .0100 - GENERAL**

**10A NCAC 70P .0101 SCOPE**
This subchapter contains guardianship assistance standards for county departments of social services, the public agencies in North Carolina mandated to provide guardianship services. Included are requirements which shall be met by county departments of social services in carrying out their responsibilities under Chapter 7B of the General Statutes and in administration of the Guardianship Assistance Program.

*Authority G. S. 143B-153.*

10A NCAC 70P .0102 is proposed for adoption as follows:

**10A NCAC 70P .0102 PURPOSE**
The Guardianship Assistance Program (GAP) provides financial assistance to caregivers who assume legal guardianship of a child in foster care as a means to achieve permanence for youth who are not being adopted or reunified.

*Authority G. S. 143B-153.*

10A NCAC 70P .0103 is proposed for adoption as follows:

**10A NCAC 70P .0103 DEFINITIONS**
The following definitions apply to this Chapter:

1. “Guardianship Assistance” means a monthly cash assistance payment no greater than the graduated amount set by the General Assembly from the Guardianship Assistance Program.

2. “Legal Guardian” means an individual as defined in G.S. 7B-600 who is appointed by the court to serve as the guardian of the person for a juvenile. The guardian shall have the care, custody, and control of the juvenile or may arrange a suitable placement for the juvenile and may represent the juvenile in legal actions before any court. The guardian may consent to certain actions on the part of the juvenile in place of the parent including marriage, enlisting in the armed forces and enrollment in school. The guardian may also consent to any necessary remedial, psychological, medical, or surgical treatment for the juvenile.
(3) “Legal Guardianship” is a legal relationship created when a person or persons are assigned by the court to take care of the minor child. This relationship is terminated only if (i) the court finds that the relationship between the guardian and the juvenile is no longer in the juvenile's best interest, (ii) the guardian is unfit, (iii) the guardian has neglected a guardian's duties, or (iv) the guardian is unwilling or unable to continue assuming a guardian's duties.

(4) “Licensed Home” means the private residence of one or more individuals who permanently reside as members of the household who have met all requirements for family foster home licensing in their state of residence and have been issued a license number in the state of North Carolina that remains active at the time of legal guardianship.

(5) “Agency” means a child placing agency as defined in G.S. 131D-10.2(4) that is authorized by law to receive children for purposes of placement in foster homes or adoptive homes.

(6) “Guardianship Assistance Agreement” is a binding agreement between the county DSS and legal guardian that establishes responsibilities of the agency and of the legal guardian during the time of the child’s eligibility for guardianship assistance, specifies the monthly amount of guardianship assistance and the manner in which the payment may be provided to the legal guardian, and the circumstances guardianship assistance may be terminated.

(7) “Placement responsibility” is authority granted to the county DSS by the court to place a child in DSS custody in a licensed home or facility or any unlicensed home or facility approved by the court.

(8) “County DSS” means a county department of social services.

Authority G. S. 143B-153.

10A NCAC 70P .0104 is proposed for adoption as follows:

10A NCAC 70P .0104 GUARDIANSHIP ASSISTANCE PROGRAM ELIGIBILITY

(a) The following eligibility criteria shall exist:

(1) Determination by the Court that reunification and adoption are not appropriate permanency options for the child;

(2) The child shall have been placed in the licensed home for a minimum of 6 months;

(3) The child is the placement responsibility of a North Carolina county department of social services at the time of entry into the Guardianship Assistance Program;

(4) The child is at least age 14 years but not older than age 18 years and demonstrates a strong attachment to the prospective guardian and has been consulted regarding the guardianship arrangement;

(5) The prospective legal guardian has a strong commitment to caring permanently for the child and:

The prospective legal guardian shall have entered into a guardianship assistance agreement with
the county department of social services who holds custody of the child prior to the order granting legal guardianship and.

(6) If the child was placed in a legal guardianship arrangement at the age of 16 years or 17 years, they remain eligible to receive Guardianship Assistance until 21 years of age if, upon turning 18 years of age, they meet any of the following conditions:

(a) Completing secondary education or a program leading to an equivalent credential;
(b) Enrolled in an institution which provides post-secondary or vocational education;
(c) Participating in a program or activity designed to promote, or remove barriers to employment;
(d) Employed for at least 80 hours per month; or
(e) Is incapable of doing any of the previously described educational or employment activities due to a medical condition.

Authority G. S. 143B-153.

10A NCAC 70P .0105 is proposed for adoption as follows:

10A NCAC 70P .0105 GUARDIANSHIP ASSISTANCE PROGRAM REQUIREMENTS

(a) Guardianship Assistance benefits for a child shall become effective the first month following the month in which legal guardianship is approved by the court.

(b) Claims for monthly GAP assistance shall be reimbursed in accordance with the Department of Health and Human Services county department of social services reimbursement process.

Authority G. S. 143B-153.