



ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

October 21, 2025

Governor Andrew Beshear
Office of the Governor
501 High Street, 2nd Floor
Frankfort, Kentucky 40601

Dear Governor Beshear,

As you know, my office is investigating your administration's refusal to execute 2024 Senate Bill 151, also known as the kinship care bill. You have stated you will not carry out the kinship care bill without, what you believe to be, the proper funding. That funding, however, has been found.

On October 17, after almost a month of public outcry, your administration found \$9.1 million to offset an alleged shortfall within Kentucky's Senior Meals program. According to State Budget Director John Hicks's October 17 letter,¹ this \$9.1 million was shifted "from the Medicaid Benefits appropriation unit" to the Senior Meals program. More specifically, that money was part of a \$25 million appropriation for a study that was not done.² This means there is \$15.9 million left from, as you called it, a "pot of money" that is just "sitting there."³

On October 14, your Cabinet for Health and Family Services filed a proposed regulation to carry out the kinship care bill, but only if it obtained what it believed to be the proper funding for it.⁴ The fiscal impact statement to that proposed regulation estimates the cost of carrying out the kinship care bill to be \$14.7 million per fiscal year. Regardless of the accuracy of that estimate, your administration has a \$15.9 million "pot of money" that is just "sitting there" that should be used to execute the kinship care bill for at least the ten months remaining in the budget biennium.

Your administration has a constitutional duty to do what it just did elsewhere—reallocate what it needs from that remaining \$15.9 million to execute the kinship care bill. Even though that amount of money more than covers the alleged \$14.7 million annual cost of the kinship care bill, I would encourage your administration to recalculate that estimated cost. The true cost of executing the kinship care bill may be much lower than that, if anything at all. This is important because every

¹ Director Hicks's letter is attached to this one.

² Hannah Pinski, *Beshear: Government shutdown won't halt SNAP benefits in October. But after that...?*, Courier Journal (Oct. 20, 2025), <https://www.courier-journal.com/story/news/politics/2025/10/20/andy-beshear-says-food-stamps-tanf-affected-by-government-shutdown/86804458007/>.

³ Hannah Pinski, *Beshear: Government shutdown won't halt SNAP benefits in October. But after that...?*, Courier Journal (Oct. 20, 2025), <https://www.courier-journal.com/story/news/politics/2025/10/20/andy-beshear-says-food-stamps-tanf-affected-by-government-shutdown/86804458007/>.

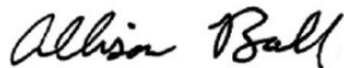
⁴ This proposed regulation is attached to this letter.



dollar that is not used to cover the cost of the kinship care bill can be used to reestablish Kentucky Transitional Assistance Program (KTAP) benefit rates that your administration also just cut.⁵

There is nothing different between what your administration just did to reallocate funds to the Senior Meals program from the “pot of money” identified above and reallocating remaining funds from that same “pot of money” to execute the kinship care bill and to reestablish KTAP benefit rates. For the sake of the Kentuckians who need these benefits, I am imploring your administration to do the right thing here. And as always, my office stands by ready to do whatever it can to help.

Sincerely,



Allison Ball

Kentucky Auditor of Public Accounts

⁵ Sarah Ladd, ‘Modest but vital’ help for low-income Kentuckians takes a hit, Kentucky Lantern (Oct. 1, 2025), <https://kentuckylantern.com/2025/10/01/modest-but-vital-help-for-low-income-kentuckians-takes-a-hit/>.





Office of State Budget Director

200 Mero Street, 5th Floor
Frankfort, Kentucky 40622

Andy Beshear
Governor

(502) 564-7300
Internet: osbd.ky.gov

John T. Hicks
State Budget Director

Governor's Office for Policy and Management
Governor's Office for Economic Analysis
Governor's Office for Policy Research

October 17, 2025

The Honorable Christian McDaniel, Co-Chairman
The Honorable Jason Petrie, Co-Chairman
Interim Joint Committee on Appropriations and Revenue
Legislative Research Commission
Capitol Annex
Frankfort, Kentucky 40601

Dear Senator McDaniel, Representative Petrie, and Members of the Committee:

Pursuant to House Bill 6, Part III, Section 23, the Office of State Budget Director has approved a General Fund appropriation reallocation as follows:

Cabinet: Health and Family Services

Appropriation Units: Medicaid Benefits and Aging and Independent Living

Amount: \$9,100,000

Reason: The reallocation of \$9,100,000 is from the Medicaid Benefits appropriation unit which is available from the \$25 million that was contingent on approval of a proposal by the General Assembly that did not occur in the 2025 Regular Session. This funding is reallocated to the Aging and Independent Living appropriation unit for the Senior Meals program.

If you need further information, please contact this office.

Sincerely,

A handwritten signature in black ink that reads "John T. Hicks".

John T. Hicks
State Budget Director

Attachments

1 CABINET FOR HEALTH AND FAMILY SERVICES

2 Department for Community Based Services

3 Division of Protection and Permanency

4 (Amendment)

5 922 KAR 1:565. Service array for a relative or fictive kin caregiver.

6 RELATES TO: KRS 2.015, 45.237-45.241, 156.496, 194A.005(1), 199.011,
7 199.462, 199.470-199.590, 205.211, Chapter 387, 403.270-403.355, 405.024, 527.100,
8 527.110, 600.020, 605.120, 610.110, 620.020(1), 620.090, 620.140, 620.142, 620.170,
9 42 U.S.C. 601-619, 671, 673, 675, D.O. v. Glisson, 847 F.3d 374 (6th Cir. 2017), cert.
10 denied, 17-17, 2017 WL 2869916 (U.S. Oct. 10, 2017)

11 STATUTORY AUTHORITY: KRS 194A.050(1), 605.130(7), 605.150(1), 620.142(5)

12 NECESSITY, FUNCTION, AND CONFORMITY: KRS 194A.050(1) requires the
13 secretary of the Cabinet for Health and Family Services to promulgate, administer, and
14 enforce administrative regulations necessary to implement programs mandated by
15 federal law, or to qualify for the receipt of federal funds and necessary to cooperate with
16 other state and federal agencies for the proper administration of the cabinet and its
17 programs. KRS 605.150(1) authorizes the cabinet to promulgate administrative
18 regulations to implement provisions of the chapter, including KRS 605.130(7), which
19 authorizes the cabinet to perform such other services as may be deemed necessary for
20 the protection of children. KRS 620.142(7)(5) requires the cabinet to promulgate
21 administrative regulations developing custodial, permanency, and service options that

1 shall be available to a relative or fictive kin caregiver. This administrative regulation
2 establishes the service array available to a relative or fictive kin caregiver pursuant to
3 KRS 620.142(1). To the extent the General Assembly appropriates State General
4 Funds necessary for the cabinet to implement the services under KRS 620.142(3), the
5 cabinet shall carry out those services in accordance with Section 5(4) of this
6 administrative regulation.

7 Section 1. Definitions.

8 (1) "Absent parent search" means cabinet-initiated efforts to locate a biological or
9 legal parent, or a relative.

10 (2) "Cabinet" is defined by KRS 194A.005(1), 199.011(3), and 600.020(7).

11 (3) "Case permanency plan" is defined by KRS 620.020(1).

12 (4) "Child" means a:

13 (a) Child defined by KRS 199.011(4) and 600.020(9);

14 (b) Person age eighteen (18) or older whose commitment to the cabinet has been
15 extended or reinstated by a court in accordance with KRS 610.110(6) or 620.140(1)(e);
16 or

17 (c) A person under age twenty-one (21) who meets the exceptions to the age of
18 majority in accordance with KRS 2.015.

19 (5) "Child Care Assistance Program" or "CCAP" means Kentucky's child care
20 subsidy program providing families who meet the eligibility requirements with the
21 financial resources to find and afford quality child care, as established in 922 KAR
22 2:160.

23 (6) "Child who is a candidate for foster care" is defined by 42 U.S.C. 675(13).

(7) "Fictive kin" is defined by KRS 199.011~~(10)~~~~(9)~~ and 600.020(28).

(8) "Kentucky Transitional Assistance Program" or "KTAP" means the program established in 921 KAR 2:006.

(9) "Parent" is defined by 42 U.S.C. 675(2).

(10) "Qualifying event" means a significant and verifiable change in a caregiver's circumstances that substantially affects their ability to care for a child. A qualifying event includes:

(a) Death or incapacitation of a caregiver;

(b) Loss of income due to disability;

(c) Early or unplanned retirement due to a documented hardship, such as medical necessity or employer-mandated separation, that results in a substantial loss of income;

(d) Loss of home or employment due to natural disaster or fire;

(e) Change in household structure due to divorce; or

(f) A significant change in the child's medical or behavioral health requiring substantial caregiver involvement.

(11)"Relative" means an individual related to a child by blood, marriage, or adoption.

(12)~~(14)~~ "Relative or fictive kin foster home" means a foster home:

(a) In which the individual approved as a foster parent is a:

1. Relative; or

2. Fictive kin; and

(b) Approved by the cabinet in accordance with 922 KAR 1:350.

Section 2. Identification of a Relative or Fictive Kin.

(1) If a relative or fictive kin placement is in the best interest of a child upon removal from the child's home of origin, the cabinet shall:

(a) Use an absent parent search in accordance with 922 KAR 1:140, Section 3, to locate a relative;

(b) Discuss a prospective relative or fictive kin placement with the:

1. Child's parent; and

2. Child, based upon the age and development of the child; or

(c) Require the parent or other person exercising custodial control or supervision to provide a list of possible persons to be considered pursuant to KRS 620.140(1)(c).

(2) Cabinet staff shall make reasonable attempts to:

(a) Contact the relative or fictive kin; and

(b) Assess the relative's or fictive kin's fitness to serve as a placement resource for the child in accordance with Section 3 of this administrative regulation.

(3) The cabinet shall:

(a) Disclose legal and service options available to a prospective relative or fictive kin:

1. Who is being assessed as a placement resource; and

2. Prior to the time a child is placed in the relative's or fictive kin's home; and

(b) Obtain written acknowledgement of the disclosure of legal and service options from the relative or fictive kin.

Section 3. Fitness of the Relative or Fictive Kin.

(1) To support a child's health, safety, and wellbeing in placement with a relative or fictive kin caregiver, based upon the legal option selected by the relative or fictive kin, the cabinet shall:

(a) Complete a safety check and review with consideration given to the relative's or fictive kin's:

1. Willingness and ability to:

a. Protect the child from abuse or neglect;

b. Participate in the child's case permanency plan;

c. Access:

(i) Transportation;

(ii) Telephone;

(iii) Medical and dental services;

(iv) First aid supplies; and

(v) School;

d. Provide full-time care;

e. Provide for the child's sleeping and eating;

f. Maintain adequate heat and ventilation in the home;

g. Use active smoke detectors in the home; and

h. Assure the child's inaccessibility to:

(i) Medication unless an exception consistent with 922 KAR 1:350, Section 5[3](12), applies;

(ii) Alcoholic beverages;

(iii) Poisonous materials;

1 (iv) Firearms or ammunition in accordance with KRS 527.100 and 527.110;

2 (v) Unsupervised contact with the birth parent, if prohibited; and

3 (vi) Cleaning materials unless the materials are age or developmentally appropriate
4 for the child or the child is supervised; and

5 2. Understanding of the impact that familial abuse, neglect, or substance abuse
6 may have on a child and the child's extended family; and

7 3. Fitness in accordance with 922 KAR 1:490; or

8 (b) Conduct a home study and background checks in accordance with 922 KAR
9 1:350 and 922 KAR 1:490 in consideration of the relative or fictive kin as a prospective
10 foster or adoptive home.

11 (2) A relative or fictive kin caregiver who seeks approval as a relative or fictive kin
12 foster home or adoptive home shall meet the training requirements established in 922
13 KAR 1:495.

14 (3) The cabinet shall:

15 (a) Document in the case file that the fictive kin has completed training on the
16 prevention and recognition of pediatric abusive head trauma in accordance with KRS
17 199.462; and

18 (b) Provide information to the relative or fictive kin on how to recognize and report
19 child abuse and neglect.

20 (4) To the extent funds are available, the cabinet shall make available to a relative
21 or fictive kin caregiver training:

22 (a) For foster parents, adoptive parents, and respite care providers in accordance
23 with 922 KAR 1:495; and

(b) Developed to address the needs of relative and fictive kin caregivers, including management of the relationship with the child's parent.

(5) A relative's or fictive kin's decision to pursue approval as a foster parent shall not guarantee the cabinet's approval.

Section 4. Relative or Fictive Kin Placement Support Benefit.

(1) To the extent that funds are available, the cabinet shall provide, if requested, a one (1) time per placement relative or fictive kin placement support benefit:

(a) To facilitate the child's placement with a nonparental relative or fictive kin;

(b) If a court of competent jurisdiction has granted temporary custody of the child to the relative, fictive kin, or the cabinet due to:

1. Alleged child abuse or neglect; or

2. The death of both parents;

(c) That will provide for a child's immediate needs, such as:

1. Clothing;

2. School supplies;

3. Additional furniture; or

4. A deposit for a larger apartment; and

(d) That is equal to or does not exceed the amount for the appropriate number of eligible children as follows:

Number of Eligible Children	Payment Amount
1	\$350
2	\$700

3	\$1,050
4	\$1,400
5	\$1,750
6 or more	\$2,100

(2)(a) The relative or fictive kin placement support benefit shall be issued by check or electronic fund transfer directly to:

1. The relative or fictive kin caregiver with whom the child is placed; or
2. A vendor providing the needed service or item listed in subsection (1)(c) of this section.

(b) Prior to the provision of the relative or fictive kin placement support benefit, the relative, fictive kin, or vendor shall provide tax status and contact information for accounting of the benefit's disbursement.

(3)(a) In accordance with Kentucky's Title IV-A Temporary Assistance for Needy Families Block Grant state plan, the cabinet shall prioritize a child for the relative placement support benefit if the child is:

1. Placed with a relative whose household income is at or below 200 percent of the federal poverty level as determined annually by the U.S. Department of Health and Human Services; or
2. Determined eligible for KTAP pursuant to 921 KAR 2:006 and 921 KAR 2:016.

(b) Pursuant to 42 U.S.C. 601, Temporary Assistance for Needy Families Block Grant funds shall not be provided to a fictive kin caregiver.

1 (4) A relative or fictive kin caregiver shall not be eligible for an initial clothing
2 allowance as a foster parent if the relative or fictive kin receives the relative or fictive kin
3 placement support benefit.

4 Section 5. Legal Options.

5 (1) The following legal options shall be available to a prospective relative or fictive
6 kin caregiver:

7 (a) Family-arranged care through:

8 1. A written plan in accordance with 922 KAR 1:330;
9 2. An affidavit to make health care treatment and school-related decisions for the
10 child in accordance with KRS 405.024; or

11 3. A power of attorney for temporary delegation of parental rights and
12 responsibilities in accordance with KRS 403.352 and 403.353;

13 (b) Court-ordered custody to the relative or fictive kin caregiver in accordance with
14 KRS 403.270-403.355, 620.090, or 620.140(1)(c);

15 (c) Court-ordered custody to the cabinet in accordance with KRS 620.090,
16 620.140(1)(c), or 620.170;

17 (d) Adoption in accordance with KRS 199.470-199.590 or 922 KAR 1:100;

18 (e) Guardianship in accordance with KRS Chapter 387; or

19 (f) Subsidized permanent custody in accordance with 42 U.S.C. 673 and 922 KAR
20 1:145.

21 (2) Considerations in assessing the legal options for a relative or fictive kin
22 caregiver shall include:

1 (a) The likelihood of the child's reunification with the child's home of origin, including
2 the child's permanency goal in accordance with 922 KAR 1:140;

3 (b) The relationship that the relative or fictive kin caregiver has with the child's home
4 of origin or parent;

5 (c) The ability of the relative or fictive kin caregiver to:

6 1. Manage parental visitation; and

7 2. Ensure the child's safety;

8 (d) The relative or fictive kin caregiver's financial situation and need for additional
9 resources to support the safety, permanency, and wellbeing of the child;

10 (e) The level of involvement and types of services that will be needed from the
11 cabinet for the caregiver and the child to ensure the safety, permanency, and wellbeing
12 of the child; and

13 (f) The level of support and types of services that will be needed if:

14 1. The caregiver assumes legal responsibility for the child; or

15 2. Reunification with the child's home of origin is not possible for the child.

16 (3) Permanency services for a child in the custody of the cabinet shall be in
17 accordance with 922 KAR 1:140.

18 (4) To the extent the General Assembly appropriates State General Funds
19 necessary for the cabinet to implement the services under KRS 620.142(3):

20 (a) Within one hundred twenty (120) days of receiving temporary custody or upon a
21 verifiable qualifying event, a relative or fictive kin caregiver may submit a request to the
22 cabinet for the purpose of pursuing a change in custody of a child in his or her care.

1 (b) Upon preliminary approval, the cabinet may request the court place the child in
2 the cabinet's custody for the purpose of becoming a relative or fictive kin foster parent to
3 the child.

4 (c) Upon placement of the child in the custody of the cabinet, the relative or fictive
5 kin caregiver shall pursue foster parent approval.

6 Section 6. Service Options.

7 (1) The array of monetary supports on behalf of a child placed with a relative or
8 fictive kin caregiver shall include:

9 (a) The Relative or Fictive Kin Placement Support Benefit in accordance with
10 Section 4 of this administrative regulation;

11 (b) CCAP in accordance with 922 KAR 2:160;

12 (c) Child support if application is made or intergovernmental process applies in
13 accordance with 921 KAR 1:380;

14 (d) KTAP if an application is made in accordance with 921 KAR 2:006 and 921 KAR
15 2:016;

16 (e) The Kinship Care Program in accordance with 922 KAR 1:130;

17 (f) Health benefits for the child:

18 – 1. In accordance with 907 KAR 20:005; or

19 2. If application is made in accordance with 907 KAR 20:015, 907 KAR 4:020, or
20 907 KAR 4:030;

21 (g) Foster care per diem in accordance with:

22 1.a. 922 KAR 1:350; or

b. D.O. v. Glisson, 847 F.3d 374 (6th Cir. 2017), cert. denied, 17-17, 2017 WL 2869916 (U.S. Oct. 10, 2017); and

2. The terms and conditions specified in the individual agreement between the cabinet and the foster parent;

(h) Adoption assistance in accordance with 922 KAR 1:050 or 922 KAR 1:060;

(i) To the extent funds are available, post-permanency services, including:

1. Subsidized permanent custody in accordance with 42 U.S.C. 673 and 922 KAR 1:145; or

2. Post-adoption placement stabilization services in accordance with 922 KAR 1:530; or

(j) The Supplemental Nutrition Assistance Program if application is made and approved in accordance with 921 KAR 3:030.

(2) To the extent funds are available, the cabinet shall provide prevention and family services and programs in accordance with 42 U.S.C. 671(e) to a child who is a candidate for foster care, including:

(a) Mental health and substance abuse prevention and treatment services; or

(b) In-home parent skill-based programs.

(3) To the extent funds are available, the cabinet or its designee shall provide the following services for a relative or fictive kin caregiver:

(a) A hotline;

(b) Online portal;

(c) Crisis intervention;

(d) Support group;

1 (e) Advocacy;

2 (f) Caregiver training;

3 (g) Community education; and

4 (h) Referral to community resource or provider, such as:

5 1. Family Resource and Youth Service Centers established in accordance with KRS
6 156.496;

7 2. The Health Access Nurturing Development Services (HANDS) Program in
8 accordance with 902 KAR 4:120;

9 3. The Special Supplemental Nutrition Program for Women, Infants, and Children or
10 "WIC program" in accordance with 902 KAR Chapter 18;

11 4. Kentucky's Early Intervention Program, First Steps, in accordance with 902 KAR
12 Chapter 30;

13 5. Mental health programming; or

14 6. Caregiver programming made available through the Department for Aging and
15 Independent Living or its designee.

16 (4) To the extent the General Assembly appropriates State General Funds necessary
17 for the cabinet to implement the services under KRS 620.142(3), the cabinet shall carry
18 out those services in accordance with Section 5(4) of this administrative regulation.

19 (5)[(4)] The cabinet shall recover the amount of an improper payment pursuant to KRS
20 45.237-45.241 and 205.211, including assistance paid pending the outcome of a
21 hearing, from the claimant-payee.

22 Section 7. Complaint and Service Appeals.

1 (1) A relative or fictive kin caregiver may submit a service complaint or an appeal
2 concerning a protection and permanency service in accordance with 922 KAR 1:320.

3 (2) An appeal concerning CCAP shall be made in accordance with 921 KAR 2:055,
4 922 KAR 2:020, or 922 KAR 2:260.

5 (3) An appeal regarding KTAP shall be made in accordance with 921 KAR 2:055.

6 (4) An appeal concerning the Supplemental Nutrition Assistance Program shall be
7 made in accordance with 921 KAR 3:060 or 921 KAR 3:070.

922 KAR 1:565

REVIEWED:

DocuSigned by:
Lesa Dennis
2597068624204CA

10/10/2025

Lesa Dennis, Commissioner
Department for Community Based Services

Date

APPROVED:

Signed by:
Steven Stack
A6C0778ED9A2471

10/10/2025

Steven J. Stack, MD, MBA, Secretary
Cabinet for Health and Family Services

Date

PUBLIC HEARING AND PUBLIC COMMENT PERIOD:

A public hearing on this administrative regulation shall, if requested, be held on December 22 2025, at 9:00 a.m. using the CHFS Office of Legislative and Regulatory Affairs Zoom meeting room. The Zoom invitation will be emailed to each requestor the week prior to the scheduled hearing. Individuals interested in attending this virtual hearing shall notify this agency in writing by December 15, 2025 five (5) workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who attends virtually will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on this proposed administrative regulation through December 31, 2025. Send written notification of intent to attend the public hearing or written comments on the proposed administrative regulation to the contact person. Pursuant to KRS 13A.280(8), copies of the statement of consideration and, if applicable, the amended after comments version of the administrative regulation shall be made available upon request.

CONTACT PERSON: Krista Quarles, Policy Analyst, Office of Legislative and Regulatory Affairs, 275 East Main Street 5 W-A, Frankfort, KY 40621; Phone: 502-564-7476; Fax: 502-564-7091; CHFSregs@ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

922 KAR 1:565: Relative or fictive kin service array.

Agency Contact: Sarah Bryant
Phone Number: (502) 564-3703
Email: SarahE.Bryant@ky.gov

Cabinet Contact: Krista Quarles
Phone Number: (502) 564-7476
Email: CHFSregs@ky.gov

Subject Headings: Adoption and Foster Care, Children and Minors, and Child Support

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This administrative regulation establishes the service array for a relative or fictive kin caregiver of a child in the state's custody.

(b) The necessity of this administrative regulation:

This administrative regulation is necessary to establish the service array for a relative or fictive kin caregiver required by KRS 620.142(1).

(c) How this administrative regulation conforms to the content of the authorizing statutes:

KRS 620.142(7) requires the cabinet to promulgate administrative regulations developing custodial, permanency, and service options that shall be available to a relative or fictive kin caregiver. This administrative regulation conforms to the content of the authorizing statutes through its establishment of the service array for a relative or fictive kin caregiver.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

This administrative regulation assists in the effective administration of the statutes through its establishment of a service array for a relative or fictive kin caregiver.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

This amendment incorporates the provisions of KRS 620.142(3) (passed as Senate Bill 151 in the 2024 Regular Session of the General Assembly), which allows a relative or fictive kin caregiver to apply to become a relative or fictive kin foster parent for a child in his or her care under specific circumstances. This administrative regulation and department policies already included that a prospective relative or fictive kin placement be discussed with a child based on the age and development of the child.

(b) The necessity of the amendment to this administrative regulation:

The amendment is necessary for compliance with legislation passed in the 2024 Regular Session of the General Assembly, codified as KRS 620.142(3).

(c) How the amendment conforms to the content of the authorizing statutes:

The amendment is consistent with KRS 620.142(3).

(d) How the amendment will assist in the effective administration of the statutes: The amendment establishes processes required by the passage of Senate Bill 151, which allows caregivers to request custody changes and foster parent approval.

(3) Does this administrative regulation or amendment implement legislation from the previous five years? Yes, 2024 SB 151.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:
From January 2025 to April 2025, there were 1,448 children in the cabinet's custody placed with relative or fictive kin caregivers. That number is expected to drastically increase once the provisions of this amendment become effective and caregivers are able to place children in their care into the custody of the cabinet in order to become foster parents and receive a foster care per diem and additional supports from the cabinet. The caregivers of at least 936 children will be eligible to pursue this and more that meet the qualifying event criteria.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment:
There are no new requirements. This amendment does not include requirements but establishes new processes through which relative or fictive kin caregivers may request custody changes and become relative or fictive kin foster homes.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4):
There are no costs to regulated entities associated with this amendment.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4):
To the extent the General Assembly appropriates State General Funds necessary to implement the services under KRS 620.142(3), the cabinet shall carry out the services in accordance with Section 5(4) of this regulation. If Relative and fictive kin caregivers choose this path and are approved, they will receive a per diem of at least \$850 per month paid in General Funds among other supports from the cabinet.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: This amendment is estimated to cost at least approximately \$14.7 million per year. From January 2025 to April 2025, there were 1,448 children in the cabinet's custody placed with relative or fictive kin caregivers and 936 of those children were placed past 120 days. These caregivers who have been granted custody have the ability to place the child in the custody of the cabinet so that they can become foster parents instead. If caregivers meet the qualifying event criteria, this could cost up to \$10.3 million per year in out-of-home care costs alone. With 936 children coming into the state's custody, an approximate 28 more social workers will be needed (with a

caseload of 30), costing \$4.3 million per year. The caregivers of all 936 children may not choose to change custody, but the number of caregivers who will upon a qualifying event is unknown and could exceed these numbers. These payments will be made with General Funds as this will not be federally-reimbursable. Additionally, the state could be penalized \$100,000 for failing to meet the Adoption and Foster Care Analysis System (AFCARS) by adding a new removal reason, "pursuing foster care," which does not align with any approved AFCARS categories. In total, an annual fiscal impact of \$14.7 million is projected.

(b) On a continuing basis:

At least \$14.7 million per year and possibly more as additional caregivers who have experienced qualifying events become aware of this option.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment:
General Funds not yet appropriated by the General Assembly. Federal reimbursement cannot be claimed when children enter the custody of the cabinet without being physically removed from the caregiver's home.

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

There is no increase in fees or funding associated with this amendment.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

This administrative regulation does not establish any fees, or directly or indirectly increase any fees.

(10) TIERING: Is tiering applied?

No, this administrative regulation is applied in a like manner statewide.

FISCAL IMPACT STATEMENT

922 KAR 1:565: Relative or fictive kin service array.

Contact Person : Sarah Bryant

Phone : (502) 564-3703

Email: SarahE.Bryant@ky.gov

Contact Person: Krista Quarles

Phone Number: (502) 564-7476

Email: CHFSregs@ky.gov

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation.
KRS 194A.050(1), 605.130(7), 605.150(1), 620.142(5), 42 U.S.C. 601-619, 671, 673, 675.

(2) Identify the promulgating agency and any other affected state units, parts, or divisions: The Cabinet for Health and Family Services, Department for Community Based Services, is the promulgating agency.

(a) Estimate the following for the first year:

Expenditures: This amendment is estimated to cost at least approximately \$14.7 million per year. From January 2025 to April 2025, there were 1,448 children in the cabinet's custody placed with relative or fictive kin caregivers and 936 of those children were placed past 120 days. These caregivers who have been granted custody have the ability to place the child in the custody of the cabinet so that they can become foster parents instead. If caregivers meet the qualifying event criteria, this could cost up to \$10.3 million per year in out-of-home care costs alone. With 936 children coming into the state's custody, an approximate 28 more social workers will be needed (with a caseload of 30), costing \$4.3 million per year. The caregivers of all 936 children may not choose to change custody, but the number of caregivers who will upon a qualifying event is unknown and could exceed these numbers. These payments will be made with General Funds as this will not be federally reimbursable. Additionally, the state could be penalized \$100,000 for failing to meet the Adoption and Foster Care Analysis System (AFCARS) by adding a new removal reason, "pursuing foster care," which does not align with any approved AFCARS categories. These payments will be made with General Funds as this will not be federally reimbursable.

Revenues: None.

Cost Savings: None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?
Expenditures could increase as more caregivers become aware of the ability to place the children in their care into the state's custody.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts): None.

(a) Estimate the following for the first year:

Expenditures: None.

Revenues: None.

Cost Savings: None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?
They will not for local entities.

(4) Identify additional regulated entities not listed in questions (2) or (3):
Relative or fictive kin caregivers will have the ability to place children in temporary custody into the custody of the state.

(a) Estimate the following for the first year:

Expenditures: There is no cost to relative or fictive kin caregivers.

Revenues: Relative or fictive kin caregivers who place children in their care into the custody of the cabinet and become foster parents may receive at least \$810-\$880 per month in foster care per diems.

Cost Savings: Many costs will be offset or provided by the cabinet with General Funds.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?
Revenues will increase as foster care per diems increase.

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation:

This amendment is estimated to cost at least approximately \$14.7 million per year. From January 2025 to April 2025, there were 1,448 children in the cabinet's custody placed with relative or fictive kin caregivers and 936 of those children were placed past 120 days. These caregivers who have been granted custody have the ability to place the child in the custody of the cabinet so that they can become foster parents instead. If caregivers meet the qualifying event criteria, this could cost up to \$10.3 million per year in out-of-home care costs alone. With 936 children coming into the state's custody, an approximate 28 more social workers will be needed (with a caseload of 30), costing \$4.3 million per year. The caregivers of all 936 children may not choose to change custody, but the number of caregivers who will upon a qualifying event is unknown and could exceed these numbers. These payments will be made with General Funds not yet appropriated by the General Assembly as this will not be federally-reimbursable. Additionally, the state could be penalized \$100,000 for failing to meet the Adoption and Foster Care Analysis System (AFCARS) by adding a new removal reason, "pursuing foster care," which does not align with any approved AFCARS categories. These payments will be made with General Funds not yet appropriated by the General Assembly as this will not be federally-reimbursable.

(b) Methodology and resources used to determine the fiscal impact: The current foster home per diem is at least \$810/month (and more for medically complex children). This amendment allows over a thousand caregivers to place children in the custody of the cabinet so that they can become foster parents to the children and receive financial and other supports.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate)

The amendment will cost the state over \$500,000, likely at least \$14.7 million per year in General Funds not yet appropriated by the General Assembly. This change in custody will not be federally reimbursable.

(b) The methodology and resources used to reach this conclusion:

The above calculations.

FEDERAL MANDATE ANALYSIS COMPARISON

Administrative Regulation: 922 KAR 1:565

Agency Contact: Sarah Bryant

Phone Number: (502) 564-3703

Email: SarahE.Bryant@ky.gov

Contact Person: Krista Quarles

Phone Number: (502) 564-7476

Email: CHFSregs@ky.gov

(1) Federal statute or regulation constituting the federal mandate.
42 U.S.C. 601-619, 671, 673, 675

(2) State compliance standards.
KRS 194A.050(1), 605.130(7), 605.150(1), 620.142(7)

(3) Minimum or uniform standards contained in the federal mandate.
42 U.S.C. 601-619, 671, 673, 675

(4) Will this administrative regulation impose stricter requirements, or additional or different responsibilities or requirements, than those required by the federal mandate?

This administrative regulation will not impose stricter requirements than those required by the federal mandate. It does vary in providing cash assistance to fictive kin caregivers pursuant to state law, KRS 620.142(1).

(5) Justification for the imposition of the stricter standard, or additional or different responsibilities or requirements.

This administrative regulation will not impose stricter requirements than those required by federal mandates.

