

# Department of Planning and Budget

## 2001 Fiscal Impact Statement

**1. Bill Number** HB2092

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron**        Devolites

**3. Committee**    Health, Welfare & Institutions

**4. Title**            Subsidized guardianship of children living with relative caregivers.

**5. Summary/Purpose:**

This bill directs the Department of Social Services to establish a subsidized guardianship program for the benefit of children in the custody of a local board of social services or other child welfare agency who are living with relative caregivers and who have been in foster care or living with relatives other than natural parents for not less than 18 months. A relative caregiver means a person who is caring for a child related to such person for whom the option of reunification has been eliminated and termination of parental rights is not appropriate. The subsidized guardianship program shall include a special-need subsidy, which shall be a one-time lump sum payment for expenses resulting from the assumption of care of the child, a medical subsidy, and a monthly subsidy on behalf of the child payable to the relative caregiver that shall be equal to the prevailing foster care rate. The Department may establish an asset test for eligibility under the program. The relative caregiver receiving a guardianship subsidy shall submit annually to the Department a sworn statement that the child is still living with and receiving support from the guardian.

**6. Fiscal Impact Estimates are:**

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002	\$767,305	3 FTEs	GF
2003	\$23,771,063	3 FTEs	GF

**7. Budget amendment necessary:** Yes. Item 382, subprogram 45301 Foster Care.

**8. Fiscal implications:**

This bill establishes a subsidized guardianship program. The bill creates two primary service groups. The first is the children in foster care for which the goal is to place them with relatives. The second population is those children on TANF as child-only cases.

Foster Care Relative Placement Costs:

There are 436 (6% of total in foster care) children with the goal of placement with relative as of

November 30, 2000. Relative caretakers with custody may apply and receive TANF for children in their care. However, the move from foster care to TANF program status would drop the average monthly payment from \$393 to \$173 per child. The cost to maintain these cases at the foster care payment level is simply the cost of the existing foster care payments - \$2,056,176. Currently, 51.85 % of this cost is born by the federal IV-E foster care program. Since it is very unlikely that the federal government would grant Virginia a IV-E waiver (referred to in the bill), these costs would have to be assumed by either TANF or general funds. The net annual cost for this population is simply the foregone IV-E reimbursement of \$1,066,127. Virginia's TANF grant is fully appropriated and hence this cost would have to be covered by general funds.

Foster Home Rates – 436 cases at \$393/case x 12 months = \$2,056,176

*Foregone federal reimbursement at current FMAP rate of 51.85% = \$1,066,027*

#### TANF “Child Only” Case Costs:

In January 1999, there were about 8,230 TANF “child only” cases. Although most of TANF “child only” cases would not have gone through the foster care system, the language of the bill may be ambiguous enough to expand the covered guardianship to all “child only” cases. The amount of the TANF payment amount varies by the three assistance level groupings of local departments as well as the number of relative children in the family and the child's income, if any. Using a TANF payment of \$173 per case per month (one child per case in group II local departments) and an average foster family rate, weighted by the proportion of children per age grouping, the monthly cost difference per case is \$220. To provide the same level of financial support to guardians of these children would thus cost approximately \$21,727,200 more than current TANF payments as calculated below. To reiterate, with the TANF grant fully appropriated this cost would have to be 100% general funds.

TANF Payment -- 8,230 cases at \$173/case x 12 months = \$17,085,480

Foster Home Rates -- 8,230 cases at \$393/case x 12 months = \$38,812,680

*Difference – 8,230 cases at \$220/case x 12 months = \$21,727,200*

#### Other Costs:

The bill also covers other child welfare agencies. We have no statistics on how many children might potentially be appropriate for this program from these agencies.

In addition to the monthly subsidy, a portion of which could be funded by TANF, there is a one-time initial payment as well as medical subsidy. Medicaid, CMSIP, and State-Local Hospitalization would likely cover a portion of these children, but not all. The conditions and restrictions of the one-time subsidy and medical subsidy are not addressed in the bill. Based on the average one-time lump sum of \$650 paid in the diversionary assistance program for transportation, housing, and other needs, and projecting that 10 percent of the cases annually will request a one-time grant, a total of \$563,500 is estimated. An additional \$200,000 is requested for medical costs not covered by other medical subsidy programs.

Three staff persons will be needed by DSS to manage the Subsidized Guardianship Program. Staff will develop and provide outreach during year 1 and administer grant awards during year 2 and thereafter. Total salary and benefits will total \$170,205 annually. Funds to cover the routine operating costs of postage, office, travel, supplies, telephone, rent, liability insurance, etc. are

estimated at \$5,200 per employee. One-time costs totaling \$10,500 per employee are included in the first year for personal computers, office furniture, and equipment. Significant automated system changes would be necessary to both the ADAPT and OASIS systems. These costs are estimated at \$500,000 for Year 1 and \$100,000 per year thereafter. Personnel, equipment, and support costs total \$217,305 in FY 02 and \$185,805 in FY 03.

**HB 2092 Cost Summary**

	FY 2002	FY 2003
Foster Care Relative Subsidies	\$ -	\$ 1,066,127
TANF Child – Only Subsidies	\$ -	\$ 21,727,200
Lump Sum Payments	\$ -	\$ 563,500
Uncovered Medical Costs	\$ -	\$ 200,000
Salaries and Benefits	\$ 170,205	\$ 170,205
Operating Costs	\$ 15,600	\$ 15,600
Printing /Publications	\$ 50,000	\$ 5,000
One-time Equipment	\$ 31,500	\$ -
Systems Programming	\$ 500,000	\$ 100,000
Total	\$ 767,305	\$ 23,847,632

**9. Specific agency or political subdivisions affected:**

Virginia Department of Social Services  
Local departments of social services.

**10. Technical amendment necessary:** No.

**10. Other comments:**

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cc: Secretary of Health and Human Resources

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