

Department of Planning and Budget 2003 Fiscal Impact Statement

1. Bill Number HB2549

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

2. Patron Christian, M..

3. Committee Health, Welfare and Institutions

4. Title Pilot Subsidy Program for Relative Caregivers

5. Summary/Purpose: This legislation amends the Code of Virginia by directing the Department of Social Services to establish a pilot 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 at least 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 provide for a special -needs subsidy, which shall include a one -time lump -sum payment for expenses resulting from the assumption of care of the child, a medical subsidy comparable to that in adoption, and a monthly subsidy on behalf of the child payable to the relative caregiver. The monthly subsidy shall be equal to the prevailing foster care rate. The Department may establish an asset test for eligibility under the program. Prior to the guardianship hearing and payment of a guardianship subsidy for the benefit of a minor child, a home study report on the relative caregivers shall be filed with the court having jurisdiction over the child's case within 15 days of the request for a subsidy. 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. Once the subsidy is granted, it continues until the child is 18 or 21 if a full -time student.

6. Fiscal impact estimates are preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	\$587,788	1.0	GF
2004-05	\$1,461,913	1.0	GF

7. Budget amendment necessary: Yes, item 355, subprogram 45301.

8. Fiscal implications: This bill establishes a pilot subsidized guardianship program. The bill creates two primary service groups. The first group is the children in foster care for which the goal is to place them with relatives. The second group is those children on Temporary Assistance for Needy Families (TANF) as child -only cases.

Foster Care Relative Placement Costs :

There were 325 children (four percent of the total in foster care) with the goal of placement with a relative as of September 2002. Relative caretakers with custody may apply for 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 \$118 per child. The cost to maintain these cases at the foster care payment level is simply the cost of the existing foster care payments (\$1,532,700). Currently, 50.53 percent of this cost is borne by the federal IV-E foster care program. Since it is very unlikely that the federal government would grant Virginia a Title IV-E waiver (referred to in the bill), these costs would have to be assumed by either TANF or general fund dollars. The net annual cost for this population is simply the foregone IV-E reimbursement of \$774,473. Virginia's TANF grant is fully appropriated and therefore, this cost would have to be covered with general fund monies.

Foster Home Rates -325 cases at \$393 per case x 12 months = \$1,532,700
Foregone federal reimbursement at current FMAP rate of 50.53 percent = \$ 774,473

TANF "Child Only" Case Costs :

In 2002, there were 9,061 TANF "child only" cases. Although most of the 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 coverage to guardianship to all "child only" cases. The amount of the TANF payment 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 \$118 per case per month and an average foster family rate, the monthly cost difference per case is \$275. To provide the same level of financial support to guardians of these children would thus cost approximately \$29,901,300 more than current TANF payments as calculated below. Again, because Virginia's TANF grant is fully appropriated, this cost would have to be covered with general fund resources.

TANF Payment -9,061 cases at \$118 per case x 12 months = \$12,830,376
Foster Home Rates -9,061 cases at \$393 per case x 12 months = \$42,731,676
Difference -9,061 cases at \$275 per case x 12 months = \$29,901,300

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, FAMIS, 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 \$477 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 \$432,162 is estimated. An additional \$200,000 is requested for medical costs not covered by other medical subsidy programs.

Pilot Program Assumptions

The department assumes that this program would be piloted in five localities in order to estimate the cost of this legislation. A statewide cost of the subsidies must be calculated first

and then the percentage of localities participating in the pilot applied to the total statewide cost of the subsidies. The total statewide cost for the subsidies in this guardianship program is \$31,307,935 (\$774,473 foster care relative subsidies + \$29,901,300 TANF child -only subsidies + \$432,162 lump sum payments + \$200,000 uncovered medical costs). The percentage of the total departments participating in the pilot is 4.1 percent (five out of 121 total departments) thereby yielding a cost of \$1,283,625 for the subsidies in a pilot program that operated in five localities.

Administrative Costs

The department estimates that it will need one full -time employee in the central office to manage the pilot subsidized guardianship program. The central office employee will be a Program Administration Manager II (pay band 5). The manager will develop and provide outreach during year 1 and administer the subsidies during year two and thereafter. Using a mid-range salary of \$53,278 for pay band 5, salary and benefits will total \$69,388 annually. Funds to cover the routine operating costs of postage, office, travel, supplies, telephone, rent, liability insurance, etc. are estimated at \$7,900 per employee. One -time costs totaling \$6,500 per employee are included in the first year for 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 one and \$100,000 per year thereafter. Personnel, equipment, printing, and support costs total \$87,788 in FY 04 and \$78,288 in FY 05.

SB749 Cost Summary

	FY2004	FY2005
Foster Care Relative Subsidies	\$-	\$774,473
TANF Child -Only Subsidies	\$-	\$29,901,300
Lump Sum Payments	\$	- \$432,162
Uncovered Medical Costs	\$-	\$200,000
Estimated Cost of Statewide Subsidies	\$-	\$31,307,935
Percentage of Localities in Pilot (5/121)		4.1%
Estimated Cost of Pilot Subsidies		\$1,283,625
Salaries and Benefits	\$69,388	\$69,388
Operating Costs	\$7,900	\$7,900
One-time Equipment	\$6,500	\$
Printing/Publications	\$4,000	\$1,000
Software Development/Maintenance	\$500,000	\$100,000
Total Cost	\$587,788	\$1,461,913

9. Specific agency or political subdivisions affected:

Virginia Department of Social Services

Local department of social services

10. Technical amendment necessary: No

11. Other comments: Senate Bill 749 is a companion to this legislation.

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cc:Secretary of Health and Human Resources