

Department of Planning and Budget 2002 Fiscal Impact Statement

1. **Bill Number** SB36

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

2. **Patron** Miller, Y.B.

3. **Committee** Rehabilitation & Social Services

4. **Title** Subsidized guardianship/children living/relative.

5. **Summary/Purpose:**

SB36 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 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. 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 dies or 21 if a full-time student.

6. Fiscal impact estimates are preliminary. (See Item 8)

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03	\$846,988	3.5	GF
2003-04	\$24,692,522	3.5	GF

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

8. Fiscal implications:

This bill establishes a 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 383 children (5% of the total in foster care) with the goal of placement with a relative as of November 30, 2001. 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 \$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 - \$1,806,228. Currently, 51.45% 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 \$929,304. Virginia's TANF grant is fully appropriated and therefore, this cost would have to be covered by general funds.

Foster Home Rates - 383 cases at \$393/case x 12 months = \$1,806,228
Loss of federal funds at current FMAP rate of 51.45% = \$929,304

TANF "Child Only" Case Costs :

In July 2001, there were 8,611 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 expands 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 III 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 \$22,733,040 more than current TANF payments as calculated below. Again, because Virginia's TANF grant is fully appropriated, this cost would have to be covered by 100% general funds.

TANF Payment - 8,611 cases at \$173/case x 12 months = \$17,876,436
Foster Home Rates - 8,611 cases at \$393/case x 12 months = \$40,609,476
Difference - 8,611 cases at \$220/case x 12 months = \$22,733,040

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 \$540 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 \$464,940 is estimated. An additional \$200,000 is requested for medical costs not covered by other medical subsidy programs.

The department estimates that it will need one full-time employee in the central office and one half of a full-time employee in each of the five regional offices to manage the Subsidized Guardianship Program. The central office employee will be a Program Administration Manager II (pay band 5) and each of the employees in the regional offices will be a Program Administration Specialist II (pay band 5). Staff will develop and provide outreach during year 1 and administer the subsidies during year 2 and thereafter. Salary and benefits will total \$237,838 annually. Funds to cover the routine operating costs of postage, office, travel, supplies, telephone, rent, liability insurance, etc., are estimated at \$6,400 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 the first year and \$100,000 per year thereafter. Personnel, equipment, printing, and support costs total \$346,988 in FY03 and \$265,238 in FY04.

SB36 Cost Summary

	FY2003	FY2004
Foster Care Relative Subsidies	\$-	\$929,304
TANF Child -Only Subsidies	\$-	\$22,733,040
Lump Sum Payments	\$-	\$464,940
Uncovered Medical Costs	\$-	\$ 200,000
Salaries and Benefits	\$237,838	\$237,838
Operating Costs	\$22,400	\$22,400
One-time Equipment	\$36,750	\$-
Printing/Publications	\$50,000	\$5,000
Software Development/ Maintenance	\$500,000	\$100,000
Total Cost	\$846,988	\$24,692,522

Federal	\$ -	\$-
General Funds	\$ 846,988	\$24,692,522

9. Specific agency or political subdivisions affected:

Virginia Department of Social Services
Local departments of social services

10. Technical amendment necessary: No.

11. Other comments: None

Date: 01/10/02 /jlr

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cc: Secretary of Health and Human Resources