

Department of Planning and Budget 2003 Fiscal Impact Statement

1. Bill Number SB728

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Miller, Y.

3. Committee Rehabilitation and Social Services

4. Title Subsidized Guardianship/Children Living with Relatives

5. Summary/Purpose: Senate Bill 728 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 is 18 or 21 if a full-time student.

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

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03			
2003-04	\$843,261	3.5	General Fund*
2004-05	\$31,683,446	3.5	General Fund*

**All Temporary Assistance for Needy Families (TANF) funding is currently obligated, therefore the agency would be required to expend general fund dollars.*

7. Budget amendment necessary: Yes. Item 355, 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 325 children (four percent of the total in foster care) with the goal of placement with a relative as of September 30, 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. The department has determined that it is unlikely that the federal government would grant Virginia a IV-E waiver (as referenced in the bill), and the Commonwealth's TANF grant is fully appropriated, any additional costs would have to be supported with general fund monies. The net annual cost for this population equals the foregone IV-E reimbursement of \$774,473.

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

TANF "Child Only" Case Costs

In 2002, there were 9,061 TANF "child only" cases. Although most of these 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 \$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 entirely supported with general fund dollars.

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

Other Costs :

The bill also covers other child welfare agencies. The department cannot estimate the number of children that might 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.

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 one and administer the subsidies during year two and thereafter. Salary and benefits will total \$242,861 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 1 and \$100,000 per year thereafter. Personnel, equipment, printing, and support costs total \$343,261 in FY2004 and \$275,261 in FY2005.

SB728 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
Salaries and Benefits	\$242,861	\$ 242,861
Operating Costs	\$27,650	\$27,650
One-time Equipment	\$22,750	\$-
Printing/Publications	\$50,000	\$5,000
Software Development/ Maintenance	\$ 500,000	\$100,000
Total Cost	\$843,261	\$31,683,446

Federal	\$ -	\$-
General Funds	\$843,261	\$31,683,446

9. Specific agency or political subdivision affected:

Virginia Department of Social Services
Local departments of social services

10. Technical amendment necessary: No

11. Other comments: None

Date: 01/10/03

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cc: Secretary of Health and Human Resources