

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB 811

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

2. Patrons: Ward and Albo

3. Committee: Appropriations

4. Title: Extended TANF Benefits for Abused/Neglected Children

5. Summary/Purpose: Provides that the 24-month period of ineligibility shall not apply to a child who is removed from his parents' home as the result of a child protective services report or complaint as defined in regulations promulgated by the Board and placed with a relative. This bill provides that in such cases, the child shall be eligible for TANF financial assistance immediately and without waiting for the 24-month period to run.

6. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2008 | - | - | - |
| 2009 | (\$141,792) | - | General |
| | (\$141,792) | | Federal |
| 2010 | (\$141,792) | - | General |
| | (\$141,792) | | Federal |
| 2011 | (\$141,792) | - | General |
| | (\$141,792) | | Federal |
| 2012 | (\$141,792) | - | General |
| | (\$141,792) | | Federal |
| 2013 | (\$141,792) | - | General |
| | (\$141,792) | | Federal |
| 2014 | (\$141,792) | - | General |
| | (\$141,792) | | Federal |

7. Budget Amendment Necessary: No, the Governor's introduced budget includes an amendment to capture the savings resulting from this legislation.

8. Fiscal implications: Under current law, a Temporary Assistance for Needy Families (TANF) client can receive assistance for 24 months, after which the client is ineligible to receive benefits for the next 24 months. If a child is removed from a TANF home and placed with a relative as the result of an investigation or finding of abuse or neglect, the 24 month eligibility period must still be imposed on the child. The proposed legislation will allow the relative of a child in a 24 month period of ineligibility to receive TANF if the child was

removed from his home due to abuse or neglect and the relative agrees to accept the child. This avoids putting the child in a more costly foster care placement.

The financial impact of this bill was determined by netting the cost of placing a child in foster care versus the cost of continuing TANF benefits. Estimates indicate that the Commonwealth would accrue a \$283,584 annual savings (\$141,792 general fund and \$141,792 federal) if children are placed with relatives with TANF benefits instead of being placed in the foster care system.

Detailed Methodology

- During FY 2007, there were 2,864 cases closed as a result of the family receiving 24 months of assistance; these cases contained 5,712 children. These cases will be ineligible for TANF for two years. It is assumed that at any given time there are 11,424 ($5,712 \times 2$) otherwise eligible TANF children in a period of eligibility.
- In June 2007, there were 63,566 children receiving TANF. For every five children receiving TANF there is one ($11,424 \div 63,566$) TANF eligible child in a period of ineligibility.
- In June 2007, there were 5,178 children in foster care as the result of abuse or neglect. Of the total children in foster care, approximately 54 percent are eligible for Title IV-E funding. It is assumed that 2,796 ($5,178 \times 54$ percent) of the total children in foster care as the result of abuse or neglect are IV-E eligible.
- If it is assumed that IV-E eligible children would also be financially eligible for TANF, then one of every five IV-E children, or 559 children ($2,796 \times 20$ percent), would be in a period of TANF ineligibility when they came into care.
- It is assumed that 20 percent of IV-E eligible children who came into foster care during a period of ineligibility could be placed with a relative. Therefore, under this bill, 112 children (559×20 percent) would be able to receive TANF rather than be put in a foster care placement.
- The average monthly rate for Title IV-E foster care is \$397 per month and the average monthly TANF benefit for a child is \$186. Thus, the annual cost for TANF would be \$249,984 ($112 \times 186 \times 12$) as compared to the annual cost for Title IV-E of \$533,568 ($112 \times \397×12). The annual cost avoidance is \$283,584.

9. Specific agency or political subdivisions affected: Department of Social Services

10. Technical amendment necessary: No

11. Other comments: This legislation is companion to SB 251. This bill has been substituted to incorporate HB 1387 which was identical.

Date: 1/18/2008

Document: G:\2008 Fiscal Year\08 Session\FIS\HB811h1.Doc

cc: Secretary of Health and Human Resources