

## Department of Planning and Budget 2008 Fiscal Impact Statement

**1. Bill Number:** SB 27

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

**2. Patron:** Miller

**3. Committee:** Rehabilitation and Social Services

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

**5. Summary/Purpose:** This bill will allow a minor child of a Temporary Assistance for Needy Families (TANF) participant who is in his 24-month period of ineligibility to receive TANF assistance if the parent is no longer the legal guardian of the child; legal custody of the child has been placed with a relative after an order of removal of the child from the parent's home was issued or a complaint of abuse or neglect filed against the parent has been deemed founded; and the child meets all of the TANF eligibility requirements. The bill provides a means of support to relatives who accept legal custody of at-risk children without requiring the children to formally enter the foster care system.

**6. Fiscal Impact Estimates:** Preliminary

**Expenditure Impact\*:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	-	-	-
2009	(70,896)	-	General
	(70,896)	-	Federal
2010	(70,896)	-	General
	(70,896)	-	Federal
2011	(70,896)	-	General
	(70,896)	-	Federal
2012	(70,896)	-	General
	(70,896)	-	Federal
2013	(70,896)	-	General
	(70,896)	-	Federal
2014	(70,896)	-	General
	(70,896)	-	Federal

**7. Budget Amendment Necessary:** Yes, Item 338\*.

\*Note: The introduced budget includes an amendment to capture \$141,792 in savings associated with Senate Bill 251. Senate Bill 251 continues benefits for children who are placed with relatives regardless of legal custody. If this bill is passed, an amendment that reflects the reduced savings generated by Senate Bill 27 would be needed to replace the existing Senate Bill 251 amendment.

- 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 obtains legal custody of 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 \$141,792 annual savings (\$70,896 general fund and \$70,896 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 10 percent of IV-E eligible children who came into foster care during a period of ineligibility could be placed with a relative who was willing to obtain legal custody of the child. Therefore, under this bill, 56 children ( $559 \times 10$  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 \$124,992 ( $56 \times 186 \times 12$ ) as compared to the annual cost for Title IV-E of \$266,784 ( $56 \times 397 \times 12$ ). The annual cost avoidance is \$141,792.

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

**10. Technical amendment necessary:** No

**11. Other comments:** None

**Date:** 1/18/2008

**Document:** G:\2008 Fiscal Year\08 Session\FIS\SB27.Doc  
cc: Secretary of Health and Human Resources