

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: HB 500

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

2. Patron: Dance, Rosalyn R.

3. Committee: Health, Welfare and Institutions

4. Title: Foster care; DSS policies and procedures to protect personal identifying information of children

5. Summary: The proposed legislation directs the Department of Social Services to develop policies and procedures to reduce disclosure of social security numbers and other personal identifying information of children in foster care, and to identify and resolve cases of identity theft or misuse of foster children's social security numbers and personal identifying information. The bill also requires the department to report on its activities to implement the provisions of the act and any recommendations for legislative or regulatory changes necessary to implement the provisions of the act no later than December 1, 2012.

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact*:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Fund</i> |
|--------------------|-----------------------|------------------------------|
| 2012 | - | - |
| 2013 | \$117,409 \$22,158 | General Fund Federal Fund |
| 2014 | \$109,739 \$21,102 | General Fund Federal Fund |
| 2015 | \$109,739 \$21,102 | General Fund Federal Fund |
| 2016 | \$109,739 \$21,102 | General Fund Federal Fund |
| 2017 | \$109,739 \$21,102 | General Fund Federal Fund |
| 2018 | \$109,739 \$21,102 | General Fund Federal Fund |

*Does not include local match of \$23,047 the first year and \$21,447 each year thereafter.

8. Fiscal Implications: The Department of Social Services is already preparing to implement some requirements of the proposed legislation based on recently passed federal legislation. Although final guidance has not been received, the department expects that the federal Child and Family Services Improvement and Innovation Act (CFSIIA) of 2011 will require annual credit checks to be run on all youth ages 16 and older in foster care. It would also require

states to help children resolve credit problems that turn up on their credit report. This may include negotiating debt incurred by the identity thief and removing false information.

The Department of Social Services already assigns unique identifying numbers, other than social security numbers, to children entering foster care. The department also has a policy group that can write policies and procedures related to identity theft. However, this bill will require local workers to run and review credit reports for signs of identity theft and to help resolve issues related to identity theft. This process will most likely involve the foster parents and may require an attorney to help resolve any legal issues.

There are currently 5,355 children in foster care. The department assumes a local worker will spend 30 minutes annually running and reviewing each foster child's credit report for a total of 2,678 ($5,355 \times 0.5$ hours) hours. Using the average annual productive hours per worker of 1,500 hours, approximately two additional local workers would be required. Based on the average salary of a local worker, \$45,498, it would cost approximately \$148,691 the first year and \$138,365 each year thereafter for two additional workers. This includes funds to cover routine operating costs of telephone, supplies, information technology costs, and rent estimated at \$7,715 per worker as well as one-time costs totaling \$5,163 for office furnishings and equipment. These funds are partially offset by local matching dollars; \$23,047 the first year and \$21,447 each year thereafter.

The local workers will have access to Lexis Nexus to run the credit reports. Lexis Nexus charges \$2.60 for credit checks, therefore, the annual cost to run a credit report for each child in foster care will be \$13,923 ($5,355 \times \2.60). Upon review of the credit report, if the worker determines there may be misuse of the child's personal information, or some kind of identity theft that needs further investigation then the worker will need additional time to research the case, and may need to involve the foster parent, and/or a local attorney.

Since the number of cases of identity theft that may be discovered as a result of this bill is unknown, the amount of staff time and potential legal expense to resolve an identity theft case cannot be accurately determined. The department does not expect the number of cases to be significant; however should experience prove otherwise additional resources will be required.

9. Specific Agency or Political Subdivisions Affected: Department of Social Services

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/18/12

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