

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: Passed Both Houses

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

5. Summary: The enrolled bill local departments of social services to conduct annual credit checks on children aged 16 years and older who are in foster care to identify cases of identity theft or misuse of personal identifying information of such children and to resolve, to the greatest extent possible, cases of identity theft or misuse of personal identifying information of foster care children identified as a result of such credit checks. The bill also requires the Department to develop policies and procedures to protect personal identifying information of foster children aged 16 years and older to prevent identity theft by foster care providers and others who may have access to such information, and 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: No.

7. Fiscal Impact Estimates: Final

Expenditure Impact*:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Fund</i> |
|--------------------|---------------------|------------------------------|
| 2012 | - | - |
| 2013 | \$26,168 \$5,774 | General Fund Federal Fund |
| 2014 | \$26,168 \$5,774 | General Fund Federal Fund |
| 2015 | \$26,168 \$5,774 | General Fund Federal Fund |
| 2016 | \$26,168 \$5,774 | General Fund Federal Fund |
| 2017 | \$26,168 \$5,774 | General Fund Federal Fund |
| 2018 | \$26,168 \$5,774 | General Fund Federal Fund |

*Does not include local match of \$4,935 the first year and 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 1,939 children ages 16 and over 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 970 (1,939*.5 hours) hours. Using the average annual productive hours per worker of 1,500 hours, approximately one additional part-time local worker would be required. Based on the average salary of a local worker, \$45,498, it would cost approximately \$31,836 the first year and each year thereafter for this additional worker. These funds are partially offset by local matching dollars; \$4,935 the first year and 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 \$5,041 (1,939 * \$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: 2/29/12

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