

## Department of Planning and Budget 2016 Fiscal Impact Statement

1. **Bill Number:** HB203

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

2. **Patron:**    Lingamfelter

3. **Committee:** Health, Welfare and Institutions

4. **Title:**    Extended Foster Care Services and Support Program; established.

5. **Summary:** Extended foster care services and support. Creates the Extended Foster Care Services and Support Program to provide foster care services and support, including foster care maintenance payments, to qualifying individuals age 18 to 21 who were formerly in the custody of a local board of social services.

6. **Budget Amendment Necessary:** Yes. Item 346 L. Funding may be available in the Governor's introduced budget to offset the some of the costs of this request.

7. **Fiscal Impact Estimates:** Preliminary.

**7a. Expenditure Impact:**

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i>  |
|--------------------|----------------|------------------|--------------|
| 2016               | -              | -                | -            |
| 2017               | \$2,194,879    | -                | general fund |
| 2018               | \$2,194,879    | -                | general fund |
| 2019               | \$2,194,879    | -                | general fund |
| 2020               | \$2,194,879    | -                | general fund |
| 2021               | \$2,194,879    | -                | general fund |
| 2022               | \$2,194,879    | -                | general fund |

\*There is an annual local match increase to localities of \$480,227 not included in the totals.

**8. Fiscal Implications:** This bill requires the Department of Social Services (DSS) to include payments for foster care youth who are 18 years or older but have not yet reached the age of 21. Each eligible youth must be in foster care at the time of his 18<sup>th</sup> birthday; or have been in the custody of the Department of Juvenile Justice at the time of his 18<sup>th</sup> birthday and in foster care immediately prior to his commitment.

The legislation would seek to extend Virginia's child welfare programs similar to the federal law commonly referred to as the Fostering Connections Act (FCA). Under the FCA, states that opt-in are required to serve both foster care and certain adopted youth ages 18 to 21 years. By serving youth in both foster care and adoptions, states will receive federal assistance for the extended

assistance programs. However, since HB203 does not include an adoption component to extend adoption assistance payments to the age of 21, the Commonwealth would not qualify under the FCA and, therefore, would not be eligible for Title IV-E federal funding. Consequently, the total cost of HB203 would be funded by state and local funds. Legislation and funding has been proposed by the Office of Children's Service (OCS) through the Children's Services Act (CSA) and by DSS in the Governor's proposed budget to extend foster care services until the age of 21. This legislation also includes extending payments to applicable adopted youth in this age group, allowing the Commonwealth to utilize federal IV-E funds in conjunction with state and local dollars.

DSS estimates that 1,225 foster care youth would be eligible for extended payments under this legislation. However, information recently provided by other states indicates utilization rates for this type of program are between 13 percent and 59 percent. Based on these statistics, DSS assumes that the utilization rate among eligible foster care youth is a conservative 55 percent and approximately 674 ( $1,225 \times .55$ ) of the eligible youth ages 18-20 will participate. Furthermore, the OCS already provides services and maintenance payments at local option to approximately 548 of the estimated 1,225 eligible young adults, with DSS providing the case management. Therefore, the estimated costs of this legislation are based only on an additional 126 ( $674-548$ ) youth to be served in this program.

#### **Maintenance Payments (OCS/CSA)**

Average annual maintenance costs are presently \$13,566 per case. The current funding share required for maintenance payments of non-IV-E or CSA cases is 65 percent general fund and 35 percent local funds. Based on 126 additional foster care cases, the total cost for maintenance payments for youth who would qualify for foster care is estimated to be \$1,709,316 ( $126 \times \$13,566$ ) or \$1,111,055 general fund and \$598,261 local match.

#### **Service Costs (OCS/CSA)**

Average service costs are currently \$6,000 per case. The current funding share required for maintenance payments of non-IV-E or CSA cases is 65 percent general funds and 35 percent local funds. Using an estimate of 126 additional foster care cases, the total cost for service payments for youth who would qualify for foster care is estimated to be \$756,000 ( $126 \times \$6,000$ ) or \$491,400 general fund and \$264,600 local match.

#### **Case Management (VDSS)**

Currently, on average, caseworker visits to these youth are being held quarterly. It is estimated that local Department of Social Services (LDSS) spend an average of \$1,665 per case to manage the 548 cases (\$912,420 annually). The current funding split for case management of these cases is 39 percent general fund and 61 percent local funds. With this legislation, the state/local split is 84.5 percent general fund and 15.5 percent local funds because these cases are moving into the state-sponsored program. Consequently, the additional 126 projected cases would cost \$209,790 (state and local) annually to manage. Since the fund split changes and shifts the cost to the state, an increase in total net funding needed for case management of \$209,790 ( $\$1,122,210-\$912,420$ )

means an increase of \$592,424 from the state general fund and a decrease of \$382,634 in local match, given a funding split for case management of non-IV-E cases estimated at 84.5 percent general fund and 15.5 percent local funds.

The Department reports that federal law now requires title IV-E foster care cases to have monthly caseworker visits with participating youth. The Department believes that it would be appropriate to more closely align this non IV-E program to the federal regulations and have caseworkers visit the youth monthly. However, with more frequent visits, the estimated annual cost per case for visiting the projected 674 total cases is \$3,330 (\$2,244,420 annually). Therefore, the total net funding needed for case management would be \$1,332,000 (\$2,244,420-\$912,420). As previously mentioned, the fund split between state and local shares changes resulting in an increase of \$1,540,691 from the state general fund and a decrease of \$208,691 in local match. The projections in this paragraph are not reflected in Item 7.

### **Cost of Request**

The total general fund net cost of this request is estimated to be \$1,602,455 for CSA and \$592,424 for DSS or a combined total of \$2,194,879 each year. The total local match requirement will increase \$862,861 for CSA and decrease \$382,634 for DSS for a combined total increase of \$480,227.

General fund amounts of \$1,015,451 in FY 2017 and \$2,925,954 in FY 2018 were included in the Governor's Budget Bill to implement FCA, which extends foster care and adoptions payments and support to age 21. Some of this funding may be available to offset the costs of this request.

|                      | State               | Federal     | Local               | Totals              |
|----------------------|---------------------|-------------|---------------------|---------------------|
| <b>CSA:</b>          |                     |             |                     |                     |
| Maintenance Payments | \$ 1,111,055        | \$ -        | \$ 598,261          | \$ 1,709,316        |
| Service Costs        | \$ 491,400          | \$ -        | \$ 264,600          | \$ 756,000          |
| <b>Total CSA</b>     | <b>\$ 1,602,455</b> | <b>\$ -</b> | <b>\$ 862,861</b>   | <b>\$ 2,465,316</b> |
| <b>DSS:</b>          |                     |             |                     |                     |
| Case Management      | \$ 592,424          | \$ -        | \$ (382,634)        | \$ 209,790          |
| <b>Total DSS</b>     | <b>\$ 592,424</b>   | <b>\$ -</b> | <b>\$ (382,634)</b> | <b>\$ 209,790</b>   |

If this program attains 100 percent participation under this legislation, the total general fund net cost is estimated to be \$9,093,299 for CSA and \$1,367,639 for DSS or a combined total of \$10,460,938 each year. The total local match requirement will increase \$4,896,392 for CSA and decrease \$240,434 for DSS for a combined total increase of \$4,655,958.

**9. Specific Agency or Political Subdivisions Affected:** Department of Social Services, local Departments of Social Services, Office of Children's Services

**10. Technical Amendment Necessary:** Yes. Item 346 L.

**11. Other Comments:**