

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: No. Funding is included in the Governor's introduced budget.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016	-	-	-
2017	\$500,448	-	general
	\$999,050	-	nongeneral
2018	\$1,463,047	-	general
	\$2,886,611	-	nongeneral
2019	\$1,957,569	-	general
	\$4,219,821	-	nongeneral
2020	\$2,184,780	-	general
	\$4,834,561	-	nongeneral
2021	\$2,184,780	-	general
	\$4,834,561	-	nongeneral
2022	\$2,184,780	-	general
	\$4,834,561	-	nongeneral

* The cost to implement the FCA is offset in part by a total of \$7,434,168 currently appropriated to OCS. In addition, there is a decrease of \$1,798,853 in required local funds.

8. Fiscal Implications: This bill requires the Department of Social Services (DSS) to include payments for foster care young adults who are 18 years or older but have not yet reached the age of 21. Eligible young adults must be in foster care at the time of their 18th birthdays; or

have been in the custody of the Department of Juvenile Justice at the time of their 18th birthdays and in foster care immediately prior to their commitment.

The legislation would seek to extend Virginia's child welfare programs allowed by 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. 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 young adults 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 young adults is a conservative 55 percent or that approximately 674 ($1,225 \times .55$) of the eligible young adults ages 18-20 will participate. Applying the current 75 percent rate of foster care young adults who qualify for the IV-E program, 506 ($674 \times .75$) young adults would be funded through federal IV-E assistance and the remaining 168 ($674 - 506$) would be funded for maintenance and service payments by OCS. Furthermore, OCS already provides maintenance and service 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 only based on an additional 126 ($674 - 548$) young adults to be served in this program.

To calculate the true fiscal impact of this proposal, it is necessary to compare current expenses against the cost of estimated cases under FCA. In addition, it is estimated that 76 adoption cases would qualify under FCA and their expenses are also figured into this analysis.

Foster Care

Maintenance Payments

Average annual foster care maintenance payments are currently \$13,566 per case. OCS is already funding the maintenance payments for 548 youth for a total maintenance payment cost of \$7,434,168 (65 percent or \$4.8 million general fund and 35 percent or \$2.6 million local funds). Under this legislation 506 youth will be funded through IV-E and 168 of the remaining 674 youth will continue to be funded through OCS and non-federal funds. For those 506 IV-E young adults, the maintenance payments will be \$6,864,396 (50 percent or \$3.4 million general fund and 50 percent or \$3.4 million federal funds). For those 168 non IV-E youth, the maintenance payments will be \$2,279,088 (65 percent or \$1.5 million general fund and 35 percent or \$0.8 million local funds). Therefore, the total maintenance payment

cost for the 674 youth in the program is \$9,143,484 (\$4.9 million general fund, \$3.4 million federal funds, and \$0.8 million local funds). The net cost for the youth not already being funded through OCS is \$1,709,316 (\$9,143,484 - \$7,434,168) composed of \$81,396 general fund, \$3,432,198 federal funds, and a decrease of \$1,804,278 in local funds.

Maintenance Payments	Youth	Cost per Case	State	Federal	Local	Totals
Current FCA Non IV-E Youth (OCS)	(548)	\$ 13,566	\$ (4,832,209)	\$ -	\$ (2,601,959)	\$ (7,434,168)
Current Maintenance	(548)	\$ 13,566	\$ (4,832,209)	\$ -	\$ (2,601,959)	\$ (7,434,168)
New FCA Non IV-E Youth (OCS)	168	\$ 13,566	\$ 1,481,407	\$ -	\$ 797,681	\$ 2,279,088
New FCA IV-E Youth (DSS)	506	\$ 13,566	\$ 3,432,198	\$ 3,432,198	\$ -	\$ 6,864,396
New Maintenance	674	\$ 13,566	\$ 4,913,605	\$ 3,432,198	\$ 797,681	\$ 9,143,484
Maintenance Totals	126	\$ 13,566	\$ 81,396	\$ 3,432,198	\$ (1,804,278)	\$ 1,709,316

Service Costs

Average annual foster care service payments are currently \$5,977 per case. Federal IV-E regulations do not allow payments for service as an allowable expense, therefore all service payments will be paid for by OCS. The current funding share required for service payments of non-IV-E cases is 65 percent general funds and 35 percent local funds. The current annual costs for service payments are estimated at \$3,275,396 (548 x \$5,977). The estimated service costs for OCS including the additional cases under FCA would be \$4,028,498 (674 x \$5,977). Therefore, the estimated net cost to OCS would be an increase of \$753,102 (\$489,516 general fund and \$263,586 local funds).

The Department of Social Services has proposed a policy that increases those payments to the cap of \$6,000 per case. This policy change would increase the service payments per case by \$23, for a total program increase of \$15,502. These figures are not included in Item 7.

Service Payments	Youth	Cost per Case	State	Federal	Local	Totals
Current FCA Non IV-E Youth	(548)	\$ 5,977	\$ (2,129,007)	\$ -	\$ (1,146,389)	\$ (3,275,396)
New FCA Non IV-E Youth	674	\$ 5,977	\$ 2,618,524	\$ -	\$ 1,409,974	\$ 4,028,498
OCS Service Totals	126		\$ 489,516	\$ -	\$ 263,586	\$ 753,102

Case Management

All case management is done by the local Departments of Social Services (LDSS). Currently, on average, caseworker visits to these young adults are being held quarterly. However, federal law now requires IV-E cases to have monthly caseworker visits with participating young adults. Currently, it is estimated that LDSS spends an average of \$1,665 per case to manage 548 cases (\$912,420 annually). However, due to the monthly visit requirement and the additional young adults to serve, the estimated annual cost per case for visiting the projected 674 cases monthly is \$3,330 (\$2,244,420 annually). The total net funding need for case management is \$1,332,000 (\$699,033 state general fund, \$841,658 federal funds, and a decrease of \$208,691 local funds). The current funding for case management of non-IV-E cases is estimated at 39 percent general funds and 61 percent local funds. However, for IV-E eligible youth, funding for case management is 34.5 percent general funds, 50 percent federal funds, and 15.5 percent local funds. Total case management cost will be phased in by year 2 to accommodate the additional caseload.

Case Management Payments	Youth	Cost per Case	State	Federal	Local	Totals
Current FCA Non IV-E Youth	(548)	\$ 1,665	\$ (355,844)	\$ -	\$ (556,576)	\$ (912,420)
New FCA Non IV-E Youth	674	\$ 3,330	\$ 1,054,877	\$ 841,658	\$ 347,885	\$ 2,244,420
DSS Case Management Totals	126		\$ 699,034	\$ 841,658	\$ (208,691)	\$ 1,332,000

Adoptions

Costs per case for the estimated 76 adoption cases that would qualify under FCA would include service costs at \$4,850, maintenance payments at \$13,566, and case management expenses at \$999 for a total FCA per case cost of \$19,415. Therefore, the estimated annual total costs for adoption cases would be \$1,475,540 (\$19,415 x 76 cases). The federal share would be \$560,705 or 38 percent and the state share would be \$914,835 general fund or 62 percent.

Fostering Futures Program Total Costs and Implementation

The proposed legislation specifies that only those young adults who turn 18 on or after the legislation is passed will be eligible for program participation; therefore, it is assumed that entry into the Fostering Futures program will be gradual. Given an even distribution of eligible youth participating in the program, the Department estimates that 33 percent will participate in year one, 66 percent in year two, 99 percent in year three, and 100 percent in year four and each year thereafter.

When fully implemented, total DSS and OCS costs for this proposal are an increase of \$9,661,859 and a decrease of \$4,386,476 respectively, broken down into the components and funding sources as listed in the following table. The total net costs are \$2,184,780 in state general fund, \$4,834,561 in federal funds and a decrease of \$1,798,853 in local funds for a total expense of \$5,220,488. The costs for a full year of 33 percent of the participants are projected at \$1,722,761 (33 percent x 5,220,488).

It was also assumed that the entire 33 percent of new participants in each year would not all sign up for the program on July 1 since they would not be eligible until their 18th birthdays, for which there is assumed to be an equal distribution of participant birthdays throughout the year. Consequently, the young adults are phased in at an equal rate or 1/12 of the participants monthly over the course of the year. Using these assumptions, the costs for the new participants who enter the program are also phased in cumulatively over the course of the year. Based on these assumptions, 21.9 percent or \$1,143,287 (21.9 percent x 5,220,488) of the costs would be incurred in year one and 63.6 percent or \$3,320,230 (63.6 percent x 5,220,488) of the costs in year two.

Summary Year 4 Total Costs	State	Federal	Local	Totals
OCS:				
Maintenance Payments	\$ (3,350,802)	\$ -	\$(1,804,278)	\$(5,155,080)
Service Costs	\$ 489,516	\$ -	\$ 263,586	\$ 753,102
Total OCS	\$(2,861,286)	\$ -	\$(1,540,692)	\$(4,401,978)
DSS:				
Maintenance Payments	\$ 3,432,198	\$ 3,432,198	\$ -	\$ 6,864,396
Case Management	\$ 699,034	\$ 841,658	\$ (208,691)	\$ 1,332,000
Total DSS Foster Care	\$ 4,131,232	\$ 4,273,856	\$ (208,691)	\$ 8,196,396
DSS Adoptions	\$ 914,835	\$ 560,705	\$ -	\$ 1,475,540
Total DSS	\$ 5,046,066	\$ 4,834,561	\$ (208,691)	\$ 9,671,936
SB 436 Total Costs (Year 4)	\$ 2,184,780	\$ 4,834,561	\$(1,749,383)	\$ 5,269,958

The total DSS cost of this proposal is \$9,880,627 (\$5,046,066 state general fund and \$4,834,561 federal funds) in year 2020 and each year thereafter. The DSS share of this program would be offset in part by an OCS savings of \$2,851,209 general fund by year 2020. In addition, there would be an estimated local match savings of \$1,798,853. Specific details of the requests for the FY 2017 and FY 2018 biennium are displayed below:

FY 2017 – Year 1	State	Federal	Local	Total
OCS:	\$ (508,353)	\$ -	\$ (273,729)	\$ (787,197)
DSS				
DSS FC Maintenance	\$ 617,291	\$ 617,291	\$ -	\$ 1,234,582
DSS FC Case Mgmt	\$ 232,988	\$ 280,524	\$ (69,557)	\$ 443,955
DSS Adoptions	\$ 165,172	\$ 101,235	\$ -	\$ 266,406
DSS Totals	\$ 1,015,451	\$ 999,050	\$ (69,557)	\$ 1,944,944
Totals	\$ 500,448	\$ 999,050	\$ (343,286)	\$ 1,156,212

FY 2018 – Year 2	State	Federal	Local	Total
OCS:	\$ (1,449,605)	\$ -	\$ (780,557)	\$ (2,240,394)
DSS				
DSS FC Maintenance	\$ 1,756,835	\$ 1,756,835	\$ -	\$ 3,513,670
DSS FC Case Mgmt	\$ 699,033	\$ 841,658	\$ (208,691)	\$ 1,332,000
DSS Adoptions	\$ 470,086	\$ 288,118	\$ -	\$ 758,203
DSS Totals	\$ 2,925,954	\$ 2,886,611	\$ (208,691)	\$ 5,603,873
Totals	\$ 1,463,047	\$ 2,886,611	\$ (989,248)	\$ 3,360,410

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: No

11. Other Comments: