Department of Planning and Budget
2016 Fiscal Impact Statement

1. **Bill Number:** SB433

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

2. **Patron:** Favola

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

4. **Title:** Kinship Guardianship Assistance program.

5. **Summary:** Kinship Guardianship Assistance program. Creates the Kinship Guardianship Assistance program (the program) to facilitate child placements with relatives and ensure permanency for children for whom adoption or being returned home are not appropriate permanency options. The bill sets forth eligibility criteria for the program, payment allowances to kinship guardians, and requirements for kinship guardianship assistance agreements. The bill also requires the Board of Social Services to promulgate regulations for the program.

6. **Budget Amendment Necessary**: Yes. Item 343.

7. **Fiscal Impact Estimates:**

7a. Expenditure Impact:

Fiscal Year	*Dollars*	*Positions*	*Fund*
2016	-	-	-
2017	$45,119	-	general fund
	$15,484	-	nongeneral funds
2018	$45,119	-	general fund
	$15,484	-	nongeneral funds
2019	$45,119	-	general fund
	$15,484	-	nongeneral funds
2020	$45,119	-	general fund
	$15,484	-	nongeneral funds
2021	$45,119	-	general fund
	$15,484	-	nongeneral funds
2022	$45,119	-	general fund
	$15,484	-	nongeneral funds

* There is a local match increase of $15,957 with this bill.

8. Fiscal Implications:

The Fostering Connections to Success and Increasing Adoptions Act of 2008 provides the Commonwealth with an option to offer KGAP under the Title IV-E Guardianship Assistance Program. This option would allow for the payment of assistance to kin caregivers who meet the conditions of this program and assume custody of a child in foster care.

Estimated Participants

On January 1, 2016, there were 294 youth in relative foster homes. There are four eventual exits or outcomes for these youth. A three year average outcome chart is detailed below.

Exits from Foster Care

	2012	2013	2014	Avg
Return home	29%	28%	30%	**29%**
Custody to relative	17%	20%	22%	**20%**
Adoption	25%	28%	25%	**26%**
Emancipation	25%	21%	20%	**22%**
Other	4%	3%	3%	**3%**

The 3-year average emancipation rate of 22 percent represents youth who stay in a relative's home under the custody of the local Departments of Social Services (LDSS) and eventually "age-out" of foster care without a permanent placement outcome. Because this proposal requires that the return home, custody to relative, and adoption outcomes be exhausted before any youth qualifies for KGAP, the Department estimates a 22 percent participation rate or 65 (294 x .22) youth who would qualify under this proposal. Since these youth currently receive service and maintenance payments, there would be no change in funding needs. Additionally, it is estimated that a small number of children who would exit foster care to the custody of a relative without guardianship assistance payments may now exit to the custody of a relative through the KGAP program. The Department assumes this number will be small because many of the relatives of children in foster care do not want to go through the approval process or do not qualify under the requirements of this program. Therefore, an estimated 5 percent or 3 (294 x .20 x .05) of those children are included in this analysis.

The 2016 first quarter foster care statistics show 52.82 percent of all youth in foster care qualify for federal IV-E funding. Based on this, 1.58 (3 x .5282) youth would qualify under the federal IV-E program and the remaining 1.42 youth would be state funded by the Office of Children's Services (OCS). Additionally, the bill requires that a sibling of the qualified youth would now also qualify for KGAP. The Department does not believe the number of siblings who would qualify for KGAP would be significant. The total number of youth who would qualify and enter this program is estimated to be 68.

Maintenance and Service Payments

Currently foster care households receive basic maintenance payments paid by VDSS for youth who qualify for federal IV-E participation. If the youth does not qualify for IV-E, the

maintenance payments are paid by the OCS. In addition, payments for special services are also paid by OCS if needed. Funding from OCS is composed of state general funds and local matching funds. Under this proposed bill, these payments and current funding percentages would not change. Therefore, maintenance and service costs for both VDSS and OCS would remain the same for the estimated 65 youth in emancipation who would qualify for the new program since they currently receive these payments until the age of 18.

However, the three additional youth who would have exited foster care to the custody of a relative without an assistance payment were it not for KGAP would require new funding for maintenance and service payments. The average annual maintenance cost for youth in foster care is estimated to be $19,543 per case. Total maintenance cost would be $58,629 (3 x $19,543). Of this amount, $30,968 ($58,629 x 52.82%) would be funded by DSS using the federal IV-E program, which has a 50% federal financial participation rate. This would require federal IV-E funds of $15,484 and state general fund of $15,484. In addition, the remaining $27,661 ($58,629 - $30,968) would be funded by OCS. Funding for OCS is $17,980 or 65 percent state general fund and $9,681 or 35 percent local match.

The average annual service costs for youth in foster care is estimated at $5,997 per case or a total of $17,931 (3 x $5,977). Service costs do not qualify as a federal IV-E allowable expense, therefore all service costs would be paid for by OCS. This would require 65 percent general fund or $11,655 ($17,931 x .65) and a 35 percent local match or $6,276 (17,931 x .35).

Summary

Total funding of this proposal would be an overall cost increase of $76,560 ($15,484 federal funds, $45,119 state general fund, and $15,957 local match). This includes the additional cost incurred by OCS.

Summary

	Cases	Total	Federal	General	Local
DSS Costs					
KGAP Maintenance Cost	1.58	$30,968	$15,484	$15,484	$ -
Total DSS Cost		**$30,968**	**$15,484**	**$15,484**	**$ -**
OCS Costs					
KGAP Service Costs	3	$17,931	$ -	$11,655	$6,276
KGAP Maintenance Cost	1.42	$27,661	$ -	$17,980	$9,681
Total OCS Costs		**$45,652**	**$ -**	**$29,674**	**$15,978**
Totals		**$76,620**	**$15,484**	**$45,158**	**$15,978**

Administrative Impact

The proposed bill would require slight adjustments to the Online Automated Services Information System (OASIS). OASIS, which is Virginia's primary information system for

child welfare, supports the delivery of services by LDSS. In addition, there would be a need for training for LDSS staff and for informational brochures. The Department believes that these costs will be minimal and can be absorbed by current appropriation.

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

10. **Technical Amendment Necessary:** No

11. **Other Comments:**