

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: SB636

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

2. Patron: Dunnavant

3. Committee: Rehabilitation and Social Services

4. Title: Kinship Guardianship Assistance program.

5. Summary: 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.

The bill's provisions will not become effective unless an appropriation effectuating its purposes is included in a general appropriation act passed in 2018 by the General Assembly that becomes law.

6. Budget Amendment Necessary: Yes. For the bill to become effective, the 2018 General Assembly must include an appropriation effectuating its purposes in the enacted appropriation act.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars*</i>	<i>Positions</i>	<i>Fund</i>
2018	-	-	-
2019	\$47,710	-	General
	\$21,828	-	Nongeneral
2020	\$80,608	-	General
	\$32,742	-	Nongeneral
2021	\$95,420	-	General
	\$43,656	-	Nongeneral
2022	\$95,420	-	General
	\$43,656	-	Nongeneral
2023	\$95,420	-	General
	\$43,656	-	Nongeneral
2024	\$95,420	-	General
	\$43,656	-	Nongeneral

* There is a local match increase of \$13,937 in FY 19, \$25,775 in FY 20, and \$27,874 in FY 21 and thereafter.

8. Fiscal Implications:

The Fostering Connections to Success and Increasing Adoptions Act of 2008 provides the Commonwealth with an option to offer a Kinship Guardian Assistance Program (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

There are 306 children currently placed in relative foster homes under the custody of the local department of social services (LDSS). In Virginia, children and youth exit foster care for four main reasons: adoption, emancipation, living with other relatives outside of the foster care system, and reunification with parent.

It is estimated that an average of 16 percent of children will eventually “age-out” of foster care without a permanent placement outcome. Because this proposal is only for those children for whom neither returning home nor adoption are appropriate permanency options, the Department of Social Services (DSS) estimates that only 16 percent of children currently placed with a relative will qualify for this proposal. Since these 49 ($306 \times .16$) youths currently receive service and maintenance payments, there would be no change in funding needs.

Additionally, on average, 21 percent of all children in foster care exit foster care to relative custody without assistance payments. The majority of these children were not placed in a relative's home while in foster care because many relatives either cannot meet program requirements or do not want to go through the foster care program approval process. Children exiting the foster care system to a relative that has not applied for or qualified for the foster care program would not be eligible for kinship guardianship assistance.

Nationally, 9 percent of children enter into a guardianship placement. Because Virginia has higher barrier crime thresholds than other states, DSS estimates that only 5 percent of the children who would otherwise exit foster care to the custody of a relative without an assistance payment or an additional 3 children each year ($306 \times .21 \times .05$) would enter the program because of the assistance payment and are included in this analysis.

Foster care statistics show 64.3 percent of all youth in foster care qualify for federal IV-E funding. The other 35.7 percent of youth would be state funded by the Office of Children's Services.

Maintenance and Service Payments

Currently foster care households receive maintenance payments paid by DSS for youth who qualify for federal IV-E participation. If the youth does not qualify for IV-E, the maintenance payments are paid by OCS. In addition, payments for services are also paid by OCS, if needed. Funding from OCS is comprised of state general fund and local matching funds. Under this proposed bill, these payments and current funding percentages would not change. Therefore, maintenance and service costs for both DSS and OCS would remain the same for

the estimated 49 youth who would qualify for the new program since they currently receive these payments until the age of 18 and who would have otherwise “aged-out” without achieving permanency.

However, the 3 additional youths 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. It is assumed that an average of 3 youths will enter the program every year, while one youth ages-out or otherwise leaves the program every year.

The average annual maintenance cost for youth in foster care is estimated to be \$21,828 per case. Total maintenance costs would be \$65,484 (3 x \$21,828) the first year. Of this amount, \$43,656 (\$21,828 x 2 cases) would be funded by DSS using the federal IV-E program, which has a 50 percent federal financial participation rate. This would require federal IV-E funds of \$21,828 and general fund of \$21,828. In addition, the remaining \$21,828 (\$21,828 x 1 case) would be funded by OCS. Funding for OCS is \$14,188 or 65 percent general fund and \$7,640 or 35 percent local match.

The annual service costs for youth in foster care average \$5,997 per case or a total of \$17,991 (3 x \$5,997) the first year. Service costs do not qualify as a federal IV-E allowable expense; therefore, all service costs would be paid by OCS. This would require 65 percent general fund or \$11,694 (\$17,991 x .65) and a 35 percent local match or \$6,297 (\$17,991 x .35).

Summary

Total funding of this proposal would be an overall cost increase of \$83,475 (\$21,828 federal funds, \$47,710 general fund, and \$13,937 local match) the first year. This includes the additional \$25,882 general fund amount incurred by OCS.

Cost summary for FY2019

	Cases	Total	Federal	General	Local
<u>DSS Costs</u>					
KGAP Maintenance Cost	2	\$43,656	\$21,828	\$21,828	\$ -
Total DSS Cost		\$43,656	\$21,828	\$21,828	\$0
<u>OCS Costs</u>					
KGAP Service Costs	3	\$17,991	\$ -	\$11,694	\$6,297
KGAP Maintenance Cost	1	\$21,828	\$ -	\$14,188	\$7,640
Total OCS Costs		\$39,819	\$ -	\$25,882	\$13,937
Difference		\$83,475	\$21,828	\$47,710	\$13,937

The costs of the program will continue to increase each year, as more youths enter the program, until a steady state of participation is reached. Assuming the same number of children enter the program every year and that an average of 1 youth ages-out or otherwise stops program participation each year, program participation will resemble the table below:

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total:	3	5	6	6	6	6
IV-E	2	3	4	4	4	4
OCS	1	2	2	2	2	2

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: None.