Department of Planning and Budget
2018 Fiscal Impact Statement

1. **Bill Number:** HB1730

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

2. **Patron:** Brewer

3. **Committee:** Commerce and Labor

4. **Title:** Foster care; security freeze on credit report.

5. **Summary:** Requires local departments of social services to request the placement of a security freeze on the credit report or record of any child who has been in foster care for at least six months in order to prevent cases of identity theft and misuse of personal identifying information. The bill directs local departments to request the removal of such security freezes upon the child's removal from foster care. The bill allows local departments, with the child's consent, to request the removal of a security freeze placed on the credit report or record of a child who continues to receive foster care or independent living services beyond his eighteenth birthday; however, in such instances, the local department is required to conduct annual credit checks on the child.

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

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

7a. Expenditure Impact:

Fiscal Year	*Dollars*	*Positions*	*Fund*
2019	-	-	-
2020	$176,133	-	general
	$241,897	-	nongeneral
2021	$92,935	-	general
	$134,688	-	nongeneral
2022	$92,935	-	general
	$134,688	-	nongeneral
2023	$92,935	-	general
	$134,688	-	nongeneral
2024	$92,935	-	general
	$134,688	-	nongeneral
2025	$92,935	-	general
	$134,688	-	nongeneral

*A $73,068 local match in FY 20 and a $41,753 local match annually thereafter is required due to this legislation.

8. **Fiscal Implications:**

Local Staffing Costs

The legislation requires local departments of social services (LDSS) to request the placement of a security freeze on the credit reports or records of children who have been in foster care for at least six months. The Department of Social Services (DSS) estimates that approximately 75 percent of children in foster care stay for more than six months. Since the average length of stay in foster care for a child in Virginia is over 19 months, the majority of foster care children will be affected under this bill. Currently, the state office runs the annual credit checks of foster care youth on behalf of the LDSS. However, the LDSS, as the child's legal custodian, must take action to resolve any issues identified on the credit checks. Under the proposed requirements, the LDSS would also be responsible for requesting credit freezes from the three credit reporting agencies for the children in their care.

The credit freeze process requires submitting written requests along with: copies of the child's Social Security card and certified birth certificate, certification that the child is in foster care, and a copy of the worker's employee identification card. It is estimated that one hour of staff time will be sufficient to complete this activity. After the freeze is placed, a personal identification number (PIN) is provided to the LDSS from each credit agency and is needed in order to remove the freeze. It is estimated that one hour of staff time will be required to lift a credit freeze from all three agencies. In FY 2018, 2,742 children entered foster care and 2,678 children were discharged from foster care. Since these figures have remained reasonably consistent over the past several years, they were used to project the 4,735 hours of additional staff time that will be needed to act on the credit freezes annually (4,735 hrs = [1-hour x 2,747 children entering care x 75% in care for 6 months or more] + [1-hour x 2,678 youth exiting care]). Given 1,500 productive hours per local staff annually, the equivalent of 3.2 (4,735/1,500) additional LDSS staff is required. The average annual cost, including salary, benefits and nonpersonal services of employing a local Family Services Specialist used for this analysis is $84,180, for a total estimated cost of $269,376 (3.2 x $84,180) split among $134,688 federal funds, $92,935 general fund, and $41,753 local funds.

Additionally, children currently in foster care for six months or more when the legislation is implemented will need to have a freeze placed on their credit reports. There are currently 4,920 children in care, of which it is estimated that 75 percent, or 3,690 children, will need to have freezes activated. There will be a one-time cost in FY 2020 of $202,032 ($101,016 federal funds, $69,701 general fund, $31,315 local funds) for local staff to activate freezes on the children in care.

In 2018, the federal government passed a law requiring all three major credit bureaus to allow consumers to freeze and unfreeze their reports free of charge, so there will not be a cost for those actions.

Information Systems
This legislation would also require changes to OASIS, the Department's child welfare information system. Necessary updates include a PIN table linked to the case or child, an entry form, and an update to the roles and permissions to restrict PIN access to only those people who need that access. The Department estimates it would take 125 hours of developer time (average hourly rate of $80) and 215 hours of Business Analysts' time (average hourly rate of $45.07) for a total one-time cost of $19,691 ([125 hours x $80 rate per hour] + [215 hours x $45.07 rate per hour]) in FY 2020. This cost is split $6,193 federal funds and $13,497 general fund.

Total costs of the legislation are $491,098 in FY 2020 and $269,376 each year thereafter.

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

10. **Technical Amendment Necessary:** None

11. **Other Comments:** Pursuant to 42 U.S. Code 675 (5) (I), agencies are required to conduct annual credit checks on youth between the ages of 14 and 18. By removing the language requiring annual credit checks for such youth, the bill is not consistent with federal requirements. If Virginia does not conduct annual credit checks for these youth, the state will be in non-compliance and subject to federal penalties ranging from a program improvement plan to a loss of title IV-E funding.