

## Department of Planning and Budget 2004 Fiscal Impact Statement

**1. Bill Number** Senate Bill 35

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

**2. Patron**            Yvonne B. Miller

**3. Committee**    Rehabilitation and Social Services

**4. Title**            Subsidized guardianship of children living with relative caregivers

**5. Summary/Purpose:** This bill would direct the Department of Social Services to establish a subsidized guardianship program. This program is focused on children in the custody of a local board of social services, or other child welfare agency, who are living with relative caregivers and who have been in foster care or living with relatives other than natural parents for not less than 18 months. A relative caregiver is defined as a person who is caring for a child related to such person where the option of the child's reunification with his natural parents is eliminated and termination of parental rights is not appropriate. The subsidized guardianship program would include a special-need subsidy, which shall be a one-time lump sum payment for expenses resulting from the assumption of care of the child, a medical subsidy, and a monthly subsidy on behalf of the child payable to the relative caregiver that shall be equal to the prevailing foster care rate. The department may establish an asset test for eligibility under the program. The relative caregiver receiving a guardianship subsidy shall submit annually to the Department a sworn statement that the child is still living with and receiving support from the guardian.

**6. Fiscal impact is preliminary**

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	-	-	-
2004-05	\$853,229	4.0	General Fund
2005-06	\$36,647,865	4.0	General Fund
2006-07	\$36,647,865	4.0	General Fund
2007-08	\$36,647,865	4.0	General Fund
2008-09	\$36,647,865	4.0	General Fund
2009-10	\$36,647,865	4.0	General Fund

**7. Budget amendment necessary:** Yes. Item 357, subprogram 45301

**8. Fiscal implications:** This bill establishment of a subsidized guardianship program involves the creation of two primary service groups. The first group is the children in foster care for which the goal is to place them with relatives. The second group is those children on Temporary Assistance for Needy Families (TANF) as "child only" cases.

#### Foster Care Relative Placement Costs:

There were 341 children (4 percent of the foster care caseload) with the goal of placement with a relative as of December 31, 2003. Relative caretakers with custody may apply for and receive TANF for children in their care. However, the move from foster care to TANF program status would drop the average monthly payment from \$388 to \$144 per child. The cost to maintain these cases at the foster care payment level is simply the cost of the existing foster care payments - \$1,587,696. Currently, 50 percent of this cost is born by the federal IV-E foster care program. Although the Department is applying for a IV-E waiver, this request may not be approved. Consequently, these costs would have to be assumed by either TANF or general fund. The net annual cost for this population is simply the foregone IV-E reimbursement of \$793,848. Virginia's TANF grant is fully appropriated and therefore, this cost would have to be covered by general fund.

Foster Home Rates – 341 cases at \$388/case x 12 months = \$1,587,696

Foregone federal reimbursement at current FMAP rate of 50 percent = \$793,848

#### TANF “Child Only” Case Costs:

As of September 30, 2003, there were 11,856 TANF “child only” cases. Although most of the TANF “child only” cases would not have gone through the foster care system, the language of the bill expands the covered guardianship to all “child only” cases. The amount of the TANF payment amount varies by the three assistance level groupings of local departments as well as the number of relative children in the family and the child's income, if any. Using a TANF payment of \$144 per case per month and an average foster family rate, the monthly cost difference per case is \$244. To provide the same level of financial support to guardians of these children would thus cost approximately \$34,714,368 more than current TANF payments as calculated below. Again, because Virginia's TANF grant is fully appropriated, this cost would have to be covered by 100 percent general funds.

TANF Payment – 11,856 cases at \$144/case x 12 months = \$20,487,168

Foster Home Rates – 11,856 cases at \$388/case x 12 months = \$55,201,536

Difference – 11,856 cases at \$244/case x 12 months = \$34,714,368

#### Other Costs:

The bill also covers other child welfare agencies. We have no statistics on how many children might potentially be appropriate for this program from these agencies.

In addition to the monthly subsidy, a portion of which could be funded by TANF, there is a one-time initial payment as well as medical subsidy. Medicaid, FAMIS, and State-Local Hospitalization would likely cover a portion of these children, but not all. The conditions and restrictions of the one-time subsidy and medical subsidy are not addressed in the bill. Based on the average one-time lump sum of \$470 paid in the diversionary assistance program for transportation, housing, and other needs, and projecting that 10 percent of the cases annually will request a one-time grant, a total of \$557,420 is estimated. An additional \$200,000 is requested for medical costs not covered by other medical subsidy programs.

The department estimates that it will need four full-time employees in the central office to manage the Subsidized Guardianship Program. The central office employees will consist of one program administration manager II (pay band 5) with a mid-range salary of \$53,278 and

three program administration specialists II (pay band 5) with a salary of \$45,000. Staff will develop and provide outreach during year one and administer the subsidies and continue to provide outreach to the localities during year two and thereafter. Salary and benefits will total \$245,629 annually. Funds to cover the routine operating costs of postage, office, travel, supplies, telephone, rent, liability insurance, etc., are estimated at \$7,900 per employee. One-time costs totaling \$6,500 per employee are included in the first year for office furniture and equipment. Significant automated system changes would be necessary to both the ADAPT and OASIS systems. These costs are estimated at \$500,000 for year one and \$100,000 per year thereafter. Personnel, equipment, printing, and support costs total \$353,229 in year one and \$282,229 in year two.

**SB 35 Cost Summary**

	FY 2005	FY 2006
Foster Care Relative Subsidies	-	\$ 793,848
TANF Child-Only Subsidies	-	\$ 34,714,368
Lump Sum Payments	-	\$ 557,420
Uncovered Medical Costs	-	\$ 200,000
Salaries and Benefits	\$ 245,629	\$ 245,629
Operating Costs	\$ 31,600	\$ 31,600
One-time Equipment	\$ 26,000	-
Printing/Publications	\$ 50,000	\$ 5,000
Software Development/Maintenance	\$ 500,000	\$ 100,000
Total Cost	\$ 853,229	\$ 36,647,865
Federal	-	-
General Fund	\$ 853,229	\$ 36,647,865

**9. Specific agency or political subdivisions affected:**

Department of Social Services  
Local departments of social services

**10. Technical amendment necessary:** None

**11. Other comments:** The department has proposed amendments to the bill that would clarify that the population of children to be served is limited to those children in foster care for whom the goal of reunification has been ruled out and adoption is not appropriate. Because these amendments, in effect, remove the TANF “child only” cases from the population to be served, the cost of this bill as amended would be substantially reduced.

**Date:** 01/15/04 / kwm

**Document:** G:\2004 Fiscal Year\Efis\Sb78.Doc

cc: Secretary of Health and Human Resources