

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: HB 2271

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

2. Patron: Orrock, Robert D. Sr.

3. Committee: Health, Welfare and Institutions

4. Title: Children; adoption assistance payment and post-adoption services for those adopted from foster care

5. Summary: The proposed legislation expands the population of children with special needs who are eligible for adoption assistance to include a child who has significant emotional ties with his foster parents with whom he has lived for at least 12 months, when the child's foster parents wish to adopt the child and state-funded maintenance payments are necessary to facilitate the adoption. The bill also requires the Department of Social Services to develop a competitive bidding process whereby providers of post-adoption services may compete for federal adoption bonus funds in years in which the total amount of federal adoption bonus funds received by the state exceeds \$100,000.

6. Budget Amendment Necessary: Yes.

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2013	-	-
2014*	\$644,111 \$171,164	General Nongeneral
2015	\$1,922,720 \$510,936	General Nongeneral
2016	\$2,884,080 \$766,404	General Nongeneral
2017	\$3,845,440 \$1,021,872	General Nongeneral
2018	\$4,806,800 \$1,277,340	General Nongeneral
2019	\$5,768,160 \$1,532,808	General Nongeneral

*Assumes that costs are phased in over the first year.

8. Fiscal Implications: The bill expands the population of children that would meet the criteria for a child with special needs by including children with “significant emotional ties between the child and his foster parents with whom he has lived for at least 12 months, when the

child's foster parents wish to adopt the child and state-funded maintenance payments are necessary to facilitate the adoption."

Adoption assistance is available to families who adopt children with special needs based on criteria established in the Code of Virginia. Children receiving adoption assistance are eligible to receive several types of subsidies: maintenance payments, enhanced maintenance payments, as well as nonrecurring expense payments for adoption fees, court costs, and any other expenses directly related to the adoption. In addition, §63.2-1301 of the Code currently allows local departments of social services to decide if children meeting this specific criterion to be eligible for state-funded adoption maintenance payments. However, the Department of Social Services reports that this optional provision is not often used. By adding this new criterion to §63.2-1300 of the Code of Virginia, children meeting its requirements would automatically become eligible for all adoption assistance payment types.

Since most children adopted from foster care are adopted by their foster parents with whom they have lived for more than 12 months, the population of children eligible for adoption subsidy would increase as a result of this criterion. Currently, DSS does not track how many youth are adopted for special needs with emotional ties. In FY 2012, 163 children were living with a foster care family for 12 months or more, had a placement goal of adoption, and did not meet one of the existing special needs criteria. Assuming 75 percent of these children would now qualify as special needs based on the provisions of this bill, it is estimated that 122 (163 x 75 percent) additional children would become eligible for all types of adoption assistance. The above average assumption of 75 percent is based on the fact that the bill removes the financial barrier to adoption which is likely the primary reason the child remains in foster care.

In FY 2012, the average monthly adoption assistance payment was \$1,304 or \$15,648 (\$1,304 x 12) annually. It is expected that there would be a corresponding decrease in foster care payments for the impacted children when they are adopted. It is assumed that these children would have only received the basic foster care maintenance payment because they did not qualify as having special needs. Basic foster care maintenance payments are determined by the age of the child. The average payment amount is \$546 per month. In addition, there is an annual supplemental clothing allowance which averages \$375 annually. Annual foster care expenditures for these children are estimated to decrease by \$6,927 [(\$546 x 12) + \$375] per child. A portion of these savings would be attributable to children in the Comprehensive Services Act (CSA) being adopted. Based on this, child welfare expenditures for each of these children are estimated to increase by a net \$8,721 (\$15,648 - \$6,927) annually.

The state adoption assistance program is entirely supported with general fund dollars whereas the federal adoption assistance program, for those children that qualify for Title IV-E, is 50 percent federally funded. The Title IV-E foster care penetration rate for the last four quarters has averaged approximately 48 percent. Based on this, it is assumed that approximately 48 percent or 59 of the new adoptions cases would be Title IV-E eligible and the remaining 52 percent or 63 cases would not. Expenditures in the first year are estimated to be \$1,063,962 (122 x \$8,721), which includes general funds of \$961,360, federal funds of \$255,468, and a

reduction in local funds of \$152,866 for those adoptions cases that previously were non-IV-E foster care cases. A gradual increase in the caseload (67 percent of annual cost) is assumed in the first year. Although Title IV-E regulations give the Commonwealth some flexibility in determining what “special needs” criteria are established, the Department does not know if this criteria will be approved by the federal government. If not, all costs would need to be funded with general fund. It is assumed that the number of additional special needs adoption subsidy cases based on this legislation will remain constant in future years. Costs will increase each year as more new adoptions qualify for assistance as indicated in the table below.

9. Specific Agency or Political Subdivisions Affected:

Department of Social Services
Comprehensive Services Act

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/25/13

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