

## Department of Planning and Budget 2017 Fiscal Impact Statement

**1. Bill Number:** SB876-E

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

**2. Patron:** Favola, B.

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

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

**5. Summary:** Creates the Kinship Guardianship Assistance program (KGAP) 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.

An enactment clause prevents provisions of this bill from becoming effective unless appropriation for the purposes of this bill is included in the 2017 Appropriation Act, as passed by the General Assembly, and becomes law.

**6. Budget Amendment Necessary:** Yes. Item 346.

**7. Fiscal Impact Estimates:**

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars*</i>	<i>Positions</i>	<i>Fund</i>
2017	-	-	-
2018	\$44,637	-	General
	\$17,090	-	Nongeneral
2019	\$44,637	-	General
	\$17,090	-	Nongeneral
2020	\$44,637	-	General
	\$17,090	-	Nongeneral
2021	\$44,637	-	General
	\$17,090	-	Nongeneral
2022	\$44,637	-	General
	\$17,090	-	Nongeneral
2023	\$44,637	-	General
	\$17,090	-	Nongeneral

\* There is an annual local match increase of \$14,833 associated 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

There are 271 children placed in relative foster homes under the custody of the local Department of Social Services (LDSS). In Virginia, from 2012 to 2014, children and youth exited foster care for four main reasons: adoption (26% of exits), emancipation (22%), living with other relatives (20%) and reunification with parent (29%).

Based on the statistics above, an average of 22 percent of the children will eventually age-out of foster care without a permanent placement outcome. Because this proposal is only for those children for whom returning home or adoption are not appropriate permanency options, the Department of Social Services (DSS) estimates that only 22 percent of children will qualify for this proposal. Since these children 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 exit foster care to the custody of a relative without guardianship assistance payments may now exit to the custody of a relative through KGAP. 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 ( $271 \times .20 \times .05$ ) children are included in this analysis.

Foster care statistics show 58.3 percent of all youth in foster care qualify for federal IV-E funding. Based on this, 1.7 ( $3 \times .583$ ) children would qualify under the federal IV-E program and the remaining 1.3 children would be state funded by the Office of Children's Services (OCS).

### Maintenance and Service Payments

Currently, foster care households receive maintenance payments paid by the Department for children who qualify for federal IV-E participation. If the child does not qualify for IV-E, the maintenance payments are paid by OCS. In addition, payments for special 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 60 children in emancipation who would qualify for the new program since they currently receive these payments until the age of 18.

However, the three additional children who would have exited foster care to the custody of a relative without assistance payments 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 costs would be \$58,629 ( $3 \times \$19,543$ ). Of this amount, \$34,181 ( $\$58,629 \times .583$ ) 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 \$17,090 and general fund in the amount of \$17,090. In addition, the remaining \$24,448 (\$58,629 - \$34,181) would be funded by OCS. Funding for OCS is \$15,891 or 65 percent general fund and \$8,557 or 35 percent local match.

The average annual service costs for children in foster care averages \$5,977 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 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 (\$17,090 federal funds, \$44,637 general fund, and \$14,833 local match). This includes the additional cost incurred by OCS.

#### Summary

	Cases	Total	Federal	General	Local
<b><u>DSS Costs</u></b>					
KGAP Maintenance Costs	1.7	\$34,181	\$17,090	\$17,090	\$ -
<b>Total DSS Cost</b>		<b>\$34,181</b>	<b>\$17,090</b>	<b>\$17,090</b>	<b>\$0</b>
<b><u>OCS Costs</u></b>					
KGAP Service Costs	3.0	\$17,931	\$ -	\$11,655	\$6,276
KGAP Maintenance Costs	1.3	\$24,448	\$ -	\$15,891	\$8,557
<b>Total OCS Costs</b>		<b>\$42,379</b>	<b>\$ -</b>	<b>\$27,547</b>	<b>\$14,833</b>
<b>Total Costs:</b>		<b>\$76,560</b>	<b>\$17,090</b>	<b>\$44,637</b>	<b>\$14,833</b>

#### 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:**