

Fiscal Impact Review

2018 General Assembly Session

Revised

Date: February 6, 2018

Bill number: HB 1333 (Amended); Kinship Guardianship Assistance Program

Review requested by: Chairman Orrock, House Health, Welfare, and Institutions

JLARC Staff Fiscal Estimates

JLARC staff concur with the cost estimate in the revised Department of Planning and Budget fiscal impact statement for HB 1333. JLARC staff estimate the impact could be at least \$80,500 (\$56,000 general funds and \$24,500 non-general funds) in FY19 and approximately \$161,000 (\$112,000 general funds and \$49,000 non-general funds) in FY20. These estimates are slightly larger than, but within the range of, the estimate in the fiscal impact statement. JLARC's revised cost estimate is based on new information from VDSS on the number of eligible children.

HB 1333 creates the Kinship Guardianship Assistance Program (KinGAP), which would establish a new path to permanency for foster youth who have resided in foster homes with relative caregivers for at least six months and for whom both reunification and adoption have been deemed inappropriate permanency goals. The fiscal impact of the bill would be a result of the continuation of support payments that would otherwise have stopped. Some foster children who would have exited foster care with no further support payments would instead exit foster care to participate in KinGAP. The state would continue payments for these children until they turn 18.

An explanation of the JLARC staff review is included on the pages that follow.

Authorized for release:



Hal E. Greer, Director

Bill summary

HB 1333 establishes the Kinship Guardianship Assistance Program (KinGAP), which enables approved relative foster parents to continue receiving support (maintenance and services) payments after a child has exited foster care to the custody of the relative until the child turns 18. Both reunification and adoption must be ruled out as appropriate permanency options before KinGAP participation can be considered. Currently, youth who exit foster care to a relative do not receive support payments after exit.

The program is intended to increase permanency rates (i.e., the share of foster care youth who exit the system due to reunification, adoption, or transfer of legal custody to a relative) by reducing the number of children in relative placements who remain in foster care until age 18 for financial reasons; that is, because maintenance and service payments would be discontinued if the child exited. Under HB 1333, kinship guardianship would be a formal permanency option similar to reunification and adoption.

As of January 2018, 35 states and the District of Columbia have enacted kinship guardianship assistance programs in accordance with the federal Fostering Connections to Success and Increasing Adoptions Act of 2008.

Fiscal implications

Currently, some children with relative caregivers remain in foster care until age 18. In those cases, HB 1333 would have no fiscal impact, because the maintenance and services payments would continue with the transfer to the KinGAP program.

Other children with relative caregivers leave foster care before age 18. HB 1333 would likely have a fiscal impact in those cases. Children and relative caregivers would have the option to exit foster care, participate in the KinGAP program, and continue receiving maintenance and services payments until the child turns 18. HB 1333 could have an additional fiscal impact by increasing the proportion of children in relative care.

Eligibility and participation

Although the KinGAP program does not impose an age restriction for eligibility, VDSS staff say that only children age 14 or older are likely to participate, because it is difficult to rule out reunification and adoption for younger children.

Over the past three fiscal years in Virginia, 46 children age 14 or older in relative placements have exited foster care to relatives before turning 18. Of these 46 children, 21 (46%) would have been eligible to participate in KinGAP, according to VDSS staff. These children stopped receiving maintenance and services payments at an average age of 15.5.

The fiscal impact of KinGAP depends on the proportion of these children and their relative caregivers who would participate each year. Since 21 children would have been eligible for KinGAP over a three-year period, it is estimated that approximately seven children would become eligible per year. If half of these children would participate in KinGAP each year, the fiscal impact would be 2.5 years of additional maintenance and services payments (the difference between age 15.5 and 18) for 3.5 children.

The full fiscal impact would not be realized until the third year of the program, because the total number of children enrolled would grow during the first three years. Using the example above, the 3.5 children who enter KinGAP in FY19 at age 15.5 would remain in the program the following year, and 3.5 additional children would enter the program in FY20. KinGAP would reach a steady state of 8.75 cases per year beginning in FY21, the third year of the program (Table 1).

TABLE 1
Projected number of cases in the Kinship Guardianship Assistance Program, FY19-FY24

	Cohort 1	Cohort 2	Cohort 3	Cohort 4	Cohort 5	Cohort 6	Total
FY19	3.5						3.5
FY20	3.5	3.5					7
FY21	1.75 <i>(half year)</i>	3.5	3.5				8.75
FY22		1.75	3.5	3.5			8.75
FY23			1.75	3.5	3.5		8.75
FY24				1.75	3.5	3.5	8.75

SOURCE: JLARC analysis of data provided by VDSS.

Although JLARC's fiscal impact estimate assumes half of the children eligible for KinGAP who would otherwise exit foster care before age 18 would participate, the proportion is difficult to predict. If all of the eligible children and their relative caregivers were to participate, the fiscal impact would be twice as large. If none of the eligible children were to participate, the bill would have no fiscal impact. The availability of continued payments to relative caregivers would create an incentive to participate in KinGAP.

Funding

In accordance with the federal Fostering Connections to Success and Increasing Adoptions Act of 2008, Virginia would be authorized to use Title IV-E funds for KinGAP maintenance costs in the cases of participants who meet Title IV-E criteria. (Title IV-E funds, which require state matching funds, may not be used for service costs, whether in the context of foster care or KinGAP.) Virginia allocates Children's Services Act (CSA) funding for all foster care service costs and for maintenance costs in the cases of participants who do not meet Title IV-E criteria. CSA funding follows a formula that requires a 35% local match, with the other 65% deriving from general funds.

The costs of the KinGAP program can therefore be broken down into the following categories:

- Maintenance costs: **\$21,828 per case per year**, on average (according to VDSS)
 - Cases eligible for Title IV-E: 50% federal funds, 50% general funds
 - Cases *not* eligible for Title IV-E: 65% general funds, 35% local funds (CSA)
- Service costs: **\$5,997 per case per year**, on average (according to VDSS)
 - All cases: 65% general funds, 35% local funds (CSA)

According to VDSS staff, 64.3% of foster care cases in Virginia are eligible for Title IV-E funds. In terms of potential KinGAP participation,

- 2.25 cases (out of 3.5) would be eligible for Title IV-E in FY19;
- 4.5 cases (out of 7) would be eligible for Title IV-E in FY20; and
- 5.6 cases (out of 8.75) would be eligible for Title IV-E in FY21 and subsequent years.

TABLE 2

Costs per KinGAP case with a fiscal impact by category and funding source

	Cases			Maintenance costs			Service costs		Total costs		
	Total	Title IV-E	CSA	F	G	L	G	L	F	G	L
FY19	3.5	2.25	1.25	\$24,557	\$42,292	\$9,550	\$13,643	\$7,346	\$24,557	\$55,935	\$16,896
FY20	7	4.5	2.5	\$49,113	\$84,584	\$19,100	\$27,286	\$14,693	\$49,113	\$111,870	\$33,792
FY21	8.75	5.6	3.15	\$61,118	\$105,811	\$24,065	\$34,108	\$18,366	\$61,118	\$139,919	\$42,431

SOURCE: JLARC analysis of data provided by VDSS. NOTE: F = federal funds, G = general funds, L = local funds

For the purposes of the state budget, the fiscal impact represents the sum of total federal and general fund costs.

- FY19: \$80,491 (\$24,557 federal funds, \$55,935 general funds)
- FY20: \$160,983 (\$49,113 federal funds, \$111,870 general funds)
- FY21 and subsequent years: \$201,038 (\$61,118 federal funds, \$139,919 general funds)

Potential additional fiscal impacts

KinGAP may create additional costs or savings that are not included above because data limitations prevent accurate estimates. The program might have an additional cost if some youth in KinGAP choose to participate in VDSS's Fostering Futures program, which would enable them to continue to receive maintenance payments and services up to age 21. KinGAP is likely to produce some administrative savings due to the reduced involvement of local VDSS staff once a child exits foster care to KinGAP.

Budget amendment necessary? Yes, a budget amendment would be necessary in Item 344 to cover the expected costs of KinGAP.

Agencies affected: State and local Departments of Social Services, Office of Children's Services

Prepared by: Maria Garnett and Erik Beecroft

Date: February 6, 2018