

## Department of Planning and Budget 2021 Fiscal Impact Statement

1. **Bill Number:** SB1328-S1

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

2. **Patron:** Mason

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

4. **Title:** State-Funded Kinship Guardianship Assistance program.

5. **Summary:** Creates the State-Funded Kinship Guardianship Assistance program (KinGAP) to facilitate child placements with relatives, including fictive kin, and ensure permanency for children. The bill sets forth eligibility criteria for the program, payment allowances to kinship guardians, and requirements for kinship guardianship assistance agreements. An enactment clause requires the Board of Social Services to adopt regulations to implement the program. Initial regulations are to be exempt from the Administrative Process Act.

6. **Budget Amendment Necessary:** Yes. DSS: Item 354 (service savings), Item 359 (administration costs); OCS: Item 292 (service costs), Item 293 (administration costs)

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

7a. **Expenditure Impact:** See table in Item 8.

8. **Fiscal Implications:**

**State-funded Kinship Guardianship Assistance program (KinGAP)**

In 2018, the Joint Legislative Audit and Review Commission (JLARC) published a report entitled: Improving Virginia's Foster Care System. The report had 34 recommendations, including the establishment of a State-Funded Kinship Guardianship Program (KinGAP). Additionally, Virginia's Commission on Youth's 2019 foster care study included this same recommendation. JLARC recommended expanding the eligibility population for KinGAP to include those children placed in relative foster homes for less than six months, thereby, removing some eligibility limitations for children who are not as likely to be placed in a permanent home.

This legislation creates a State-Funded Kinship Guardianship program. The program would be funded through the Office of Children's Services (OCS), which administers the Children's Services Act (CSA). Services provided by OCS are funded with general fund dollars and require a local match.

In state fiscal year (SFY) 2020, 234 children exited foster care to custody of a relative 90 days or more after entry into foster care. Based on a sample case review, DSS estimates that

40 percent of these 234 children would be eligible for State-Funded Kinship Guardianship assistance program, resulting in 94 eligible children per year. In the first year of implementation, regulations have to be written and adopted before the program may be implemented. Some children will transfer out of foster care prior to implementation of the program. Therefore, in SFY 2022, DSS projects that 50 of the 94 children will receive State-Funded KinGAP, and in SFY 2023 and subsequent years, all 94 eligible children will receive State-Funded KinGAP.

Additionally, there are children currently in foster care who are unable to successfully exit to custody of a relative because their interested relative/kin is unable to support them without assistance and the relative cannot adopt them, or is not eligible for Federal-Funded KinGAP. Of these children, the Department of Social Services (DSS) estimates 40 are eligible for State-Funded KinGAP, which is approximately 10 percent of the children currently in care with a goal of Relative Placement. This estimate of 40 children consists of children who are unable to reach permanency and thus have remained in foster care. DSS does not expect this number of new State-Funded KinGAP applicants every year, as this would be a one-time increase at the beginning of the program. It is important to note that these 40 children would have remained in foster care without achieving permanency and would have received funding via foster care payments through OCS and/or federal Title IV-E funding. Since the State-Funded KinGAP payments are lower than the average foster care payments, there will be a savings for each child who transfers to the State-Funded KinGAP program. In FY 2022, DSS anticipates that there would be approximately 40 children who would exit foster care to permanency through custody transfer to a relative and will qualify for State-Funded KinGAP. After the first year, VDSS anticipates that only six children each year would otherwise remain in foster care due to barriers to exiting foster care to the custody of a relative.

DSS estimates a combined total of 90 children will be eligible to enter the State-Funded Kinship Guardianship Assistance Program in FY 2022 and 100 children will be eligible to enter in FY 2023 and every subsequent year. Children would be able to remain in the State-Funded KinGAP until age 18. The average age of a child who exits to custody transfer to a relative is 7.5 years old. Since children will receive on average 10.5 years of State-Funded KinGAP basic maintenance payments, the program will continue to grow every year until the number of children aging out equals the number entering the program, at which point the program will stabilize.

### **Impact on OCS**

This legislation allows for maintenance payments only, funded by OCS. The monthly basic maintenance payment for an average child who exited to custody transfer to a relative was \$568. Of this, the statewide average is 64 percent general fund and 36 percent local match. Because these children were already in care and the annual maintenance of a kinship guardianship assistance agreement is minimal, there are no additional staffing costs associated with this bill.

In FY 2022, the annualized basic maintenance payments for the 50 eligible children who would have exited foster care to custody transfer to a relative without a payment is \$340,800 (50 children x [\$568 x 12 months]). The 40 eligible children who would have remained in

foster care would transfer to State-Funded KinGAP mid-year and the basic maintenance payments will cost OCS \$136,320 (40 x [\$568 x 6 months]). Therefore, the FY 2022 maintenance costs for OCS will be \$477,120 (\$305,357 GF).

In FY 2023 and subsequent years, the annualized basic maintenance payments for the 94 eligible children who would have exited foster care to custody transfer to a relative without a payment is \$640,704 (94 children x [\$568 x 12 months]). For those 6 children who transfer from IV-E foster care to State-Funded KinGAP the annualized basic maintenance payment cost will be \$40,896 (6 x [\$568 x 12]). For a total OCS maintenance cost of \$1,158,720 (\$477,120 + \$640,704 + \$40,896). At a 64% state share, the impact of these maintenance payments on the general fund is \$741,581 in FY 2023. The balance, or \$410,139, represents local match. As more children enter the program, the impact of these payments on the general fund will increase. See the table under “Summary of Costs” to see the impact to the general fund and local match through FY 2027.

The eligible children who would have remained in foster care would have received a foster care basic maintenance payment from DSS. This analysis assumes that when these children transfer to the State-Funded KinGAP program, the general fund appropriation will be removed from DSS and appropriated at OCS.

### **Impact on DSS**

DSS will realize a cost reduction in foster care maintenance payments as children who would otherwise remain in foster care transfer to the OCS State-Funded KinGAP Program. Annual foster care maintenance payments average \$18,000 total funds (\$13,020 GF). In FY 2022, this cost reduction totals \$360,000 (40 x \$18,000, x .5) of which \$260,406 is GF for the 40 eligible children to transfer mid-year. In FY 2023, the cost reduction for an additional 6 children to transfer to State-Funded KinGAP will be \$108,000 (6 x \$18,000) of which \$78,122 is GF, in addition to the 40 children who transferred the prior year. These savings will compound each year until the children age out of the program.

### **System Costs**

Additionally, technology changes are necessary to implement the State-Funded KINGAP program. For DSS, one-time system updates for OASIS and COMPASS Mobile in FY 2022 are estimated at \$11,000 (\$7,957 GF / \$3,043 NGF). For OCS, one-time system updates are required for the Local Expenditure, Data and Reimbursement System (LEDRS), as well as the Community Based Data Reporting System (CBDRS), in the amount of \$14,645 GF. One-time updates to local systems will cost approximately \$40,000 GF, to be funded through OCS, and paid directly to the local system vendor.

### **Summary of Costs**

The total FY 2022 administrative cost of this legislation to the Department of Social Services is \$11,000 (\$7,957 GF / \$3,043 NGF) for technology costs. Additionally, this legislation will create a savings of \$360,000 (\$260,406 GF) at DSS in the first year. General fund savings at DSS for FY 2023 and each year thereafter are also detailed in the table below.

The total FY 2022 administrative cost of this legislation to the Office of Children’s Services is \$54,654 GF (\$14,645 for state technology costs, \$40,000 for local technology costs). Additionally, \$305,357 (GF) is needed in the first year for the maintenance costs of children served through CSA and placed in State-Funded KinGAP as a result of this legislation. This cost is partially offset by savings at DSS, per the table below. Costs to the CSA program for FY 2023 and each year thereafter are also detailed in the table below.

**Maintenance payments for children in the State-Funded KinGAP, created by this legislation**

	<b>Total Cost to CSA Program</b>	<b>Local Match (36%)</b>	<b>GF Cost at CSA (64%)</b>	<b>GF Savings at DSS</b>	<b>NGF Savings at DSS</b>	<b>Net GF impact on the Commonwealth</b>
FY2022	\$ 477,120	\$ 171,763	\$ 305,357	\$ (260,406)	\$ (99,594)	\$ 44,951
FY2023	\$ 1,158,720	\$ 417,139	\$ 741,581	\$ (598,935)	\$ (229,066)	\$ 142,646
FY2024	\$ 1,840,320	\$ 662,515	\$ 1,177,805	\$ (677,056)	\$ (250,543)	\$ 500,749
FY2025	\$ 2,521,920	\$ 907,891	\$ 1,614,029	\$ (755,177)	\$ (272,143)	\$ 858,852
FY2026	\$ 3,203,520	\$ 1,153,267	\$ 2,050,253	\$ (833,299)	\$ (293,744)	\$ 1,216,954
FY2027	\$ 3,885,120	\$ 1,398,643	\$ 2,486,477	\$ (911,421)	\$ (315,345)	\$ 1,575,056

**9. Specific Agency or Political Subdivisions Affected:** Department of Social Services, Office of Children’s Services, local departments of social services, localities

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.