

Department of Planning and Budget

2023 Fiscal Impact Statement

1. Bill Number: SB923

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

2. Patron: Favola

3. Committee: Finance and Appropriations

4. Title: Kinship as Foster Care Prevention Program.

- 5. Summary:** Establishes the Kinship as Foster Care Prevention Program (the Program) to promote and support placements of children with relatives by local boards of social services (local boards) in order to avoid foster care. The bill provides that a child is eligible to participate in the Program if the local board determines that (i) the child is at imminent risk of being removed from his home and a preliminary protective order is insufficient to address the child's immediate safety concerns and (ii) the child's parent or guardian consents to the placement of the child with a relative pursuant to an agreement with the local board developed in accordance with the provisions of the bill.

An enactment clause requires the Board of Social Services to promulgate regulations to implement the provisions of the act.

- 6. Budget Amendment Necessary:** Yes. Item 340 (state administration), Item 342 (local administration), Item 345 (Program payments)

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

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars*</i>	<i>Positions</i>	<i>Fund</i>
2024	\$3,886,809	1	General fund
2025	\$5,491,091	1	General fund
2026	\$7,197,367	1	General fund
2027	\$8,974,705	1	General fund
2028	\$10,680,982	1	General fund
2029	\$12,387,259	1	General fund
2030	\$14,164,597	1	General fund

* These totals do not include the 15.5 percent local match amounts for the local staff costs

8. Fiscal Implications:

Kinship as Foster Care Prevention Program (the Program)

This legislation formalizes and builds on a current program administered by the Department of Social Services (DSS) called the Relative Maintenance Payment (RMP) program, which provides monthly payments for relatives or fictive kin who assume care of a child to prevent the child from entering foster care. Fictive kin are individuals close to a child but who do not have a relationship by blood, marriage, or adoption. Fictive kin include, but are not limited to, teachers, faith leaders, neighbors, and coaches. The current RMP program is supported by general fund dollars, with some costs of the monthly payment offset by Temporary Assistance for Needy Families (TANF) dollars, when the relative caregiver is related by blood, marriage, or adoption. Fictive kin are not eligible to receive TANF payments because the federal government requires a relative to be related by blood, marriage, or adoption.

In 2020, the Virginia General Assembly created the RMP program to support relative caregivers who, by providing care to a relative child, prevented the child from entering the foster care system. The new benefit was implemented on November 1, 2020, for relative caregivers. More recently, DSS has expanded access to the RMP program. Fictive kin became eligible as of December 2022. These monthly payments are made to relative and fictive kin caregivers through the Virginia Case Management System (VaCMS). Since the implementation of the benefit, the number of children and families enrolled in the benefit have increased each month. As of December 2022, there were 801 children participating in this program, which is up from 504 children in FY 2022. This number includes children residing with a relative caregiver only, since fictive kin were only recently approved to participate. Chapter 2, 2022 Acts of Assembly, Special Session I, includes \$3,002,400 general fund appropriation in FY 2023 and \$4,408,800 general fund appropriation in FY 2024 for the RMP program.

The proposed legislation requires that the monthly payment need only be no more than the monthly foster care payment, so the agency could set the Program payment level under the foster care payment threshold. However, the Department of Social Services assumes that the implementation of this requirement will result in increasing monthly payments so that the amount of the Kinship as Foster Care Prevention Program payments aligns with the monthly maintenance payments provided to foster care parents. This fiscal impact statement assumes the costs associated with this DSS position.

Program participants:

During FY 2022, local departments of social services (LDSS) served children and families in 8,550 “In-Home Services” cases. In-Home Services cases are defined as children receiving services and supports with the goal of preventing the occurrence or reoccurrence of child maltreatment and preventing entry into foster care. Approximately 1,026 of those In-Home Services cases (12 percent) included children who were currently residing temporarily or permanently in an alternate living arrangement with a relative or fictive kin caregiver. The average age of children represented in those cases was 6.9 years of age. Additionally, there is likely to be an increase of approximately 2,935 additional In-Home Services cases opened as a result of high or very high-risk Child Protective Services (CPS) referrals based on recently updated program guidance and practice alignment.

DSS estimates that 1,378 [(8,550 x 12 percent) + (2,935 x 12 percent)] children will be eligible for financial assistance through this bill's proposed Kinship as Foster Care Prevention Program in FY 2024. This number includes the 801 children currently receiving payments from the Relative Maintenance Payment program.

Cost estimates for the proposed Kinship as Foster Care Prevention Program participants:

The current programs through which relative or fictive kin caregivers receive financial assistance for the child(ren) are:

- TANF – Per TANF regulations, TANF financial assistance is available to eligible non-parent relatives caring for and living with a child, who are related by blood, marriage, or adoption, not to include fictive kin caregivers. Relatives can currently choose to opt-out of this TANF benefit. Some relatives may choose to opt-out because to receive TANF, federal regulation requires the relative to attempt to receive child support payments from the parent(s).
- Fictive kin maintenance - Fictive kin can receive a monthly general fund maintenance payment, equal to what they would receive under the TANF program, if TANF eligibility included fictive kin. The agency funds this payment from the Relative Maintenance Payment program.
- Relative Maintenance Payment (RMP) program - Eligible relatives and fictive kin can receive \$200 general fund per month through the Relative Maintenance Payment program. Fictive kin became eligible in December 2022.

This legislation proposes that Kinship as Foster Care Prevention Program payments shall be no more than foster care maintenance payments the relative would receive if the relative was the child's foster parent. The current foster care monthly maintenance payment rates can be found in the table below. According to the bill, the Program payment shall be reduced by any monthly payments received through the Temporary Assistance for Needy Families (TANF) program and the Relative Maintenance Support Payment program. These proposed payments are also shown in the table below. It is important to note that relatives can opt-out of receiving TANF funds; however, the bill only allows the Program payment to be reduced by any monthly payments received through the TANF program. If the relative chooses to opt out of the TANF payment, it is unclear whether DSS will be required to pay that relative the equivalent of the TANF payment using general fund dollars. For this fiscal impact statement, it is assumed that every eligible relative will choose to receive the TANF payment.

Age of Child	FY 2023 Foster Care Maintenance Payments	Current Relative Maintenance Payment (general fund)	Current Average Maintenance payment (TANF funds or general fund)	Proposed payment increase under SB 923 (general fund)	Total Monthly Payment with Proposed Legislation
0-4	\$547	\$200	\$230	\$117	\$547
5 thru 12	\$639	\$200	\$230	\$209	\$639

13 and older	\$811	\$200	\$230	\$381	\$811
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As noted previously, the average age of a child who is residing with a relative or fictive kin caregiver in an In-Home Services case is 6.9 years of age. The estimated average monthly Kinship as Foster Care Prevention Program payment for a child residing with a relative or fictive kin will be \$209, for an annual cost per child of \$2,508. Since these eligible children will already be known to the LDSS because they are being provided In-Home Services, annual administrative maintenance of a Kinship as Foster Care Prevention Program agreement will be minimal. Children would be able to remain in the Program until 18 years of age.

During the first year of implementation, DSS estimates that 1,378 children will enter the Program. Approximately 86 percent of children eligible for the Kinship as Foster Care Prevention Program would reside with relative caregivers based on the number of eligible TANF children living with a non-parent, where the child was also known to the LDSS and approximately 14 percent would reside with a fictive kin caregiver.

Child resides with	Percent of eligible children	Number of participating children	Proposed Kinship as FC Prevention Program monthly payment	Annual cost per child	Annual cost per caregiver type
Relatives	86%	1,185	\$209	\$2,508	\$2,971,980
Fictive Kin	14%	193	\$209	\$2,508	\$484,044
Total in FY 23:		1,378			\$3,456,024

Based on the current population of 801 children residing with relatives receiving Relative Maintenance Payments, an assumed increase in the RMP given the expansion to include fictive kin caregivers, and the estimated total number of children assumed to be eligible for the Program, the number of new Kinship as Foster Care Prevention Program applicants is estimated to increase by 652 children annually. In FY 2025 and subsequent years, the annualized Program payments for the additional 652 eligible children residing with relative or fictive kin caregivers is \$1,635,216 [652 children x (12 months x \$209)]. The total cost of Program payments in FY 2025 is estimated to be \$5,091,240 general fund (\$3,456,024 base amount + \$1,635,216 FY 2025 increase). Because the average age of a child who is residing with a relative or fictive kin caregiver in an In-Home Services case is 6.9 years of age, participating children and caregivers could receive an average 11.1 years of Program payments. The Program will continue to grow every year until the children begin to age out, at which point the Program will stabilize.

Staffing costs:

Implementation of the Kinship as Foster Care Prevention Program will require LDSS staff to identify and assess children's annual eligibility for the Program, which DSS proposes to be

housed within the family services and benefit programs area in local departments. LDSS staffing time needed to implement and manage the Program is estimated to be three hours per child per year. The Kinship as Foster Care Prevention Program is an assistance program and will be managed by Benefit Program Specialists. No additional Family Services Specialists are identified as being needed to implement this new program.

Local staff needed to administer the Kinship as Foster Care Prevention Program:

FY	Number of additional LDSS positions needed	Total cost (84.5% general fund & 15.5% local match)*	General fund cost only:
2024	3	\$189,215 (first year assumes employment for $\frac{3}{4}$ of a year)	\$159,887
2025	4	\$336,383	\$284,244
2026	5	\$420,478	\$355,304
2027	7	\$588,670	\$497,426
2028	8	\$672,766	\$568,486
2029	9	\$756,861	\$639,548
2030	11	\$925,053	\$781,670

*Local match of 15.5% for these positions is included in the total column

Local staffing costs include salary, benefits, non-personal position costs. These estimated costs are split 84.5 percent general fund and 15.5 percent local match.

One central office staff position, a Program Consultant Sr., is needed to sustain and manage the program and provide related technical assistance and training. The estimated cost for the position is \$90,578 (\$120,770 x .75) general fund in FY 2024, assuming the position is hired at the end of the first quarter of the year, and \$115,607 in FY 2025 and each year thereafter. Staffing costs include salary, benefits, non-personal position costs, as well as a one-time on-boarding charge in the first year.

System and other costs:

Implementation of the program would require technology updates to the agency's benefit program information system (VaCMS) in order to manage and disperse payments for eligible children through existing LDSS payment mechanisms. For FY 2024, the required one-time system updates total \$175,000 general fund for VaCMS to build the functionality.

Additionally, there are one-time costs of \$5,320 general fund associated with developing a new eLearning training.

DSS also notes that Random Moment Sampling (RMS) would need to be updated, which would require additional training. DSS anticipates that these costs will be minimal and can be absorbed within current appropriation.

It is assumed that this bill will establish and fund the Kinship as Foster Care Prevention Program at DSS and would not create any entitlement to Office of Children's Services (OCS) pool funding.

By increasing the number of relatives caregivers under this program, the TANF relative payments costs are also estimated to increase. Assuming 86 percent of the 652 additional children (561) added to the Program annually will receive a TANF payment, it is estimated that an additional \$1,548,360 in TANF funds will be required for every 561 additional children added to the Program who reside with a relative related by blood, marriage, or adoption. The unobligated balance of the TANF block grant is expected to become obligated during FY 2025, which means the TANF portion of the payment provided to caregivers may eventually need to be reduced, or alternatively backfilled with general fund dollars in order to maintain the same payment level.

Additionally, the general fund appropriation for the Relative Maintenance Payment program is sufficient to cover the current \$200 payment amount for relative caregivers (by blood, marriage, or adoption) and the current \$430 payment amount for fictive kin caregivers through FY 2024. However, starting in FY 2025, the current \$4.4 million general fund appropriation will not be sufficient to pay the current \$200 for relatives or \$430 for fictive kin for all estimated participants in the Kinship as Foster Care Prevention Program. Either the payment amounts for the Relative Maintenance Payment program will need to be reduced to accommodate all Program participants within the current appropriation, or the appropriation will need to be increased by approximately \$1,815,960 $[(652 \times 86 \text{ percent of children residing with relative}) \times \$200 \text{ RMP payment} \times 12 \text{ months}] + [(652 \times 14 \text{ percent of children residing with fictive kin}) \times \$430 \text{ RMP payment} \times 12 \text{ months}]$ for every additional 652 children added to the Program.

General fund expenditures associated with the implementation of the Kinship as Foster Care Prevention Program may be used to help fulfill the agency's mandatory reinvestment of adoptions savings, under the federal Fostering Futures Act. The total amount that may be eligible to fulfill the agency's mandatory reinvestment is unknown at this time.

Summary of Costs:

In FY 2024, the total general fund cost includes: \$3,456,024 for program costs, one time system costs (\$175,000), three local Benefit Program Specialists (\$159,887), one state position (\$90,578) and one-time local staff training (\$5,320).

9. Specific Agency or Political Subdivisions Affected: Department of Social Services, local departments of social services

10. Technical Amendment Necessary: No.

11. Other Comments: None.