COMMONWEALTH of VIRGINIA
DEPARTMENT OF SOCIAL SERVICES
Office of the Commissioner

Martin D. Brown
COMMISSIONER

November 16, 2012

MEMORANDUM

TO: Honorable Robert F. McDonnell
Governor of Virginia

Honorable Frank Wagner, Chair
Senate Committee on Rehabilitation and Social Services

FROM: Martin D. Brown

SUBJECT: Report on Extending Foster Care and Adoption Assistance Eligibility to Age Twenty-One

I am pleased to submit the Department of Social Services' report on extending foster care and adoption assistance to age twenty-one. The report was prepared pursuant to your request, in a letter dated May 7, 2012. If you have questions or need additional information concerning this report, please contact me.

MDB/sg

Enclosure

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A Report of the
Department of Social Services
Commonwealth of Virginia

Extending Foster Care and Adoption Assistance to Age Twenty-One

to the Senate Rehabilitation and Social Services Committee

November 2012

CONTENTS

Appendices

Figures

EXECUTIVE SUMMARY

The *Fostering Connections to Success and Increasing Adoptions Act of 2008 (FCA)* created new incentives for states to extend assistance to older youth ages 18 to 21. For states like Virginia that already make significant investments in permanency and supportive services for young people beyond age 18 using Comprehensive Services Act (state and local) funds, FCA offers new opportunities to recoup a portion of expenditures for maintenance, support and administrative costs through Title IV-E. States can receive reimbursement for qualifying youth under three programs:

- *Foster Care Support and Services*: Young people who turn 18 while in foster care can continue to receive support and services until their 21st birthday;
- *Adoption Assistance*: Young people adopted at age 16 or older can continue to receive assistance until their 21^{st} birthday; and
- *Custody Assistance*: Youth entering into relative guardianship at age 16 or older can receive assistance until their 21^{st} birthday.

FCA promotes increased permanency and improved outcomes for children in the foster care system. Research shows that permanency is linked to better outcomes for youth in foster care. Young people who achieve permanency are more likely to graduate from high school. Researchers estimate that extending assistance will increase per-person lifetime earnings by an average of $72,000 -- a return in future earnings that exceeds the average cost of two years of extended assistance.[1]

Against this backdrop, the Virginia Senate Committee on Rehabilitation and Social Services requested that officials in the Virginia Department of Social Services (DSS) provide a report "detailing a cost benefit analysis of extending the foster care and adoption program to the age of 21[2]". The Finance Project partnered with DSS and undertook a series of data collection, analysis, and facilitation activities to project the net fiscal impact of extending services statewide under the Title IV-E extension provisions of FCA.

To achieve a broad consensus on the specific design parameters for the fiscal impact analysis, DSS convened an interdisciplinary work group comprised of staff from various state agencies, local child welfare supervisors, local Independent Living Coordinators, judicial leaders, services providers, advocates, and foster youth. (See Appendix A for a list of Work Group members.) The Finance Project staff facilitated three on-site design conversations for the Work Group to establish the boundaries and the core assumptions that are the foundation of the fiscal analysis, including:

- Clarifying the design of extended assistance for youth aging out of foster care,
- Projecting the population of older youth who will utilize extended assistance, and
- Determining the cost basis for assessing the potential fiscal impact of extending assistance to older youth.

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[1] Peters, C.M., Dworsky, A., Courtney, M.E.,& Pollack, H. (2009). Extending foster care to age 21. Chicago, Illinois: Chapin Hall at the University of Chicago.
http://www.chapinhall.org/sites/default/files/publications/Issue_Brief%2006_23_09.pdf

[2] Letter from Senator Frank W. Wagner, Chairman, Senate Committee on Rehabilitation and Social Services, Senate of Virginia, to The Honorable Martin D. Brown, Commissioner, Department of Social Services, Commonwealth of Virginia, May 7, 2012

The detailed results of the study are presented in this report, including information on the methodological design, cost assumptions, projections of future costs and potential revenue, and implications for changes in policy and practice.

Anticipated Trends and Budgeting Assumptions
The following key trends and assumptions concerning the population of older youth in foster care and the costs of continued support and services provided the foundation for this fiscal analysis and they are:

- *Declining foster care population (See page 19)*
- *Large number of older youth receiving extended assistance (See page 21)*
- *Less restrictive placements for older youth (See page 23)*
- *Extending assistance to youth exiting the juvenile justice system (See page 23)*
- *Increasing adoptions for older youth (See page 24)*
- *Youth moving to kinship guardianship arrangements(See page 24)*

Summary of Fiscal Impact
Based on the fiscal analysis, Virginia would benefit from implementing the Title IV-E Extension to 21 provisions of FCA. Because the Commonwealth already makes significant investments in supporting and serving older youth who turn 18 while in foster care, and an estimated 79 percent of localities match state funding at varying levels depending on the assistance they offer and the number of youth they serve, Virginia is eligible to recover Title IV-E reimbursable costs for extending benefits to older youth statewide, thereby freeing up state, local, and/or federal Chafee funds for re-investment.

Total fiscal impact -- As shown in the summary table (page 9), Virginia will realize a cost savings by extending foster care support and services to older youth ages 18 to 21. If the Commonwealth extends adoption subsidy and custody assistance for older youth, there will be net costs to the state for both provisions and potentially to localities for custody assistance, if policy makers decide to share the Title IV-E non-reimbursable portion of costs between the Commonwealth and localities.

Accordingly, using the most conservative assumptions, if Virginia adopts all three FCA provisions for older youth and the number of youth who receive assistance does not increase beyond the current population projected to be served, the total cost to the Commonwealth and localities is projected to be $166.9 million over the five years from FY 2013 through FY 2017. Of that amount, the Commonwealth and localities are projected to save 12 percent of total costs, which is approximately $20.6 million over the five year period. The savings are projected to range from $5.3 million in FY 2013 to $3 million in FY 2017[3]. Specifically,

- For the Commonwealth, there will be a net savings of about 13 percent of total costs or $13 million cost over the five year period -- ranging from about $3.7 million in FY 2013 to about $1.6 million in FY 2017.
- For localities, there will be net savings of about 22 percent over the five year period or about $7.6 million -- ranging from $1.7 million in FY 2013 to about $1.4 million in FY 2017.

[3] For more detailed information, see Figures 25 and 26 on page 42.

Assuming a reasonable level of growth in the population of youth who take advantage of extended assistance under all three programs, the total projected cost to the Commonwealth and localities is $196.2 million over five years.

- Of that amount, the Commonwealth and localities are projected to experience a modest net increase in total costs of approximately 1 percent or $2.6 million. This ranges from a net savings of about $383,000 in FY 2013 to a net cost of about $1.6 million in FY 2017.
- For the Commonwealth, there will be a net cost increase over the five-year period of about $3.4 million or about 3 percent of total costs for all three programs. This ranges from a net savings of about $151,000 in FY 2013 to a net cost of about $1.7 million in FY 2017.
- For localities there will be a net savings of about 2 percent of total costs or approximately $776,000 over the five-year period -- ranging from $232,000 in FY 2013 to about $100,000 in FY 2017.

Using conservative assumptions about the impact of implementing the FCA Title IV-E Extension to 21 provisions, the Commonwealth will recover an additional $34.8 million in Title IV-E revenue over the five-year period to offset approximately 21 percent of total costs. In contrast, applying assumptions that assume a reasonable level of growth in the population who take advantage of extended assistance under the three programs, costs will increase to $196.2 million and the total projected additional Title IV-E revenue coming to Virginia is expected to be approximately $40.9 million (See Figure 30 on page 45 for further details on revenue). Under this scenario the Commonwealth will experience a very modest increase in its total share of costs once the additional revenue is factored in, but the Commonwealth will extend support and services to an additional 985 youth ages 18 to 21 over five years, and provide adoption subsidies to an additional 157 youth.

See Figure 30 on page 45 for the dollar amounts and details of the fiscal impact.

Statutory Implications of Adopting the FCA Older Youth Provisions

If Virginia leaders decide to adopt and implement the older youth provisions of FCA in order to take advantage of the financial benefits of additional Title IV-E funding, they will need to review statutory language in existing state law and regulations to ensure it is consistent with FCA provisions. This includes:

- The requirement that all localities across the state offer extended assistance to Title IV-E youth who are in foster care when they turn 18 or have been adopted or placed in a kinship guardianship arrangement between the ages of 16 and 18;
- The definition of a "child" for purposes of receiving extended assistance for foster care maintenance, adoption subsidies and custody assistance;
- The rationale for not extending all programs to all Title IV-E eligible youth ages 18 to 21 if Commonwealth leaders 1) opt to phase in extended benefits under all three programs over a period of time rather than all at once, and 2) do not provide extended benefits under all three programs;
- The mechanisms to meet "removal from home" and "placement in care" criteria for older youth;
- The provision of protections (court jurisdiction and child welfare supervision) for older youth who take advantage of extended benefits;
- The provision of reentry opportunities for youth between the ages of 18 and 21 who leave foster care and opt to return to take advantage of extend benefits; and
- The requirements for child welfare licensing for families and staff who serve older youth.

Administrative Implications of Adopting the FCA Older Youth Provisions

FCA also contains a number of provisions that suggest the need to review the Commonwealth administrative processes and requirements to ensure that they are consistent with the federal law. These include:

- Additional permanency plan and case review requirements;
- Monthly face-to-face meetings between caseworkers and older youth receiving Title IV-E benefits;
- Requirements to cover the costs of the child of a parent between ages 18 and 21 who is receiving foster care support and services;
- Data collection and reporting requirements for the Adoption and Foster Care Analysis and Reporting System (AFCARS); and
- Data collection and reporting requirements for the National Youth in Transition Database.

Conclusion

With the passage of the *Fostering Connections to Success and Increasing Adoptions Act*, Virginia has an important opportunity to improve outcomes for older youth in foster care. As research confirms, permanency pays significant dividends for youth ages 18 to 21. If Virginia policy makers adopt a policy allowing young people to continue to receive Title IV-E assistance until age 21 -- an option that will be much less of a financial burden on the Commonwealth and localities because of FCA -- the potential benefits to foster youth and society will likely more than offset the costs to young people and to government. This analysis is intended to assist Virginia leaders as they consider how best to provide supports and services to this particularly vulnerable population and the costs and revenues associated with the programmatic assumptions. Although the Commonwealth faces a challenging fiscal environment, The Finance Project's analysis shows clearly that relatively modest investments in this population of young people have the potential to yield significant and positive long-term benefits.

Summary of Total Costs and Net Savings, by Scenario

SCENARIO I	2013	2014	2015	2016	2017	Total	Percent of Total Costs
Foster Care Support and Services							
Total Costs	$33,868,472	$31,497,679	$29,922,795	$29,025,111	$28,444,609	$152,758,667	
Population Served	1,293	1,202	1,142	1,108	1,086		
Net Costs / (Savings)							
State	$(4,921,155)	$(4,576,674)	$(4,347,841)	$(4,217,405)	$(4,133,057)	$(22,196,133)	-25%
Local	$(1,680,614)	$(1,562,971)	$(1,484,823)	$(1,440,278)	$(1,411,472)	$(7,580,158)	-22%
Total	$(6,601,769)	$(6,139,646)	$(5,832,663)	$(5,657,683)	$(5,544,530)	$(29,776,291)	-19%
Adoption Subsidy							
Total Costs	$1,507,887	$1,598,361	$2,117,828	$2,693,877	$3,283,836	$ 11,201,788	
Population Served	92	115	138	159	175	678	
Net Costs / (Savings)							
State	$930,329	$986,148	$1,306,647	$1,662,055	$2,026,045	$6,911,223	62%
Local	$0	$0	$0	$0	$0	$0	0%
Total	$930,329	$986,148	$1,306,647	$1,662,055	$2,026,045	$6,911,223	62%
Custody Assistance							
Total Costs	$436,597	$534,064	$612,459	$674,267	$721,692	$2,979,079	
Population Served	40	48	56	61	66	270	
Net Costs / (Savings)							
State	$331,814	$405,889	$465,469	$512,443	$548,486	$2,264,100	76%
Local	$0	$0	$0	$0	$0	$0	0%
Total	$31,814	$405,889	$465,469	$512,443	$548,486	$2,264,100	
Total for Foster Care Support and Services, Adoption Subsidy, and Custody Assistance							
Total Costs	$35,812,957	$33,630,104	$32,653,082	$32,393,255	$32,450,137	$166,939,534	
Net Costs / (Savings)							
State	$(3,659,012)	$(3,184,637)	$(2,575,725)	$(2,042,908)	$(1,558,527)	$(13,020,809)	-13%
Local	$(1,680,614)	$(1,562,971)	$(1,484,823)	$(1,440,278)	$(1,411,472)	$(7,580,158)	-22%
Total	$(5,339,627)	$(4,747,608)	$(4,060,548)	$(3,483,186)	$(2,969,999)	$(20,600,968)	-12%

Percent of state net costs/savings are based on the total state costs. Percent of local net costs/savings are based on the total local costs. See Appendix C for more detail on total state and local costs used to derive these percentages.

SCENARIO II	2013	2014	2015	2016	2017	Total	Percent of Total Costs
Foster Care Support and Services							
Total Costs	**$39,880,725**	**$37,089,074**	**$35,234,620**	**$34,177,582**	**$33,494,030**	**$179,876,032**	
Population Served	**1,511**	**1,405**	**1,335**	**1,295**	**1,269**		
Net Costs / (Savings)							
State	$(1,406,939)	$(1,308,454)	$(1,243,031)	$(1,205,740)	$(1,181,625)	$(6,345,789)	-6%
Local	$(347,657)	$(323,321)	$(307,155)	$(297,940)	$(291,982)	$(1,568,055)	-4%
Total	**$(1,754,596)**	**$(1,631,775)**	**$(1,550,186)**	**$(1,503,680)**	**$(1,473,607)**	**$(7,913,844)**	**-4%**
Adoption Subsidy							
Total Costs	**$1,685,832**	**$1,786,982**	**$2,462,461**	**$3,262,760**	**$4,150,231**	**$13,348,265**	
Population Served	**103**	**134**	**167**	**201**	**231**		
Net Costs / (Savings)							
State	$1,040,116	$,102,523	$,519,277	$2,013,041	$2,560,589	$8,235,546	62%
Local	$0	$0	$0	$0	$0	$0	0%
Total	**$1,040,116**	**$1,102,523**	**$1,519,277**	**$2,013,041**	**$2,560,589**	**$8,235,546**	**62%**
Custody Assistance							
Total Costs	**$436,597**	**$534,064**	**$612,459**	**$674,267**	**$721,692**	**$2,979,079**	
Population Served	**40**	**48**	**56**	**61**	**66**		
Net Costs / (Savings)							
State	$215,679	$263,828	$302,555	$333,088	$356,516	$1,471,665	49%
Local	$116,135	$142,061	$162,914	$179,355	$191,970	$792,435	27%
Total	**$331,814**	**$405,889**	**$465,469**	**$512,443**	**$548,486**	**$2,264,100**	**76%**
Total for Foster Care Support and Services, Adoption Subsidy, and Custody Assistance							
Total Costs	**$42,003,154**	**$39,410,120**	**$38,309,540**	**$38,114,609**	**$38,365,953**	**$196,203,376**	
Net Costs / (Savings)							
State	$(151,144)	$57,897	$578,800	$1,140,389	$1,735,480	$3,361,422	3%
Local	$(231,522)	$(181,260)	$(144,241)	$(118,585)	$(100,011)	$(775,620)	-2%
Total	**$(382,666)**	**$(123,363)**	**$434,559**	**$1,021,804**	**$1,635,468**	**$2,585,802**	**1%**

Percent of state net costs/savings are based on the total state costs. Percent of local net costs/savings are based on the total local costs. See appendix c for more detail on total state and local costs used to derive these percentages.

INTRODUCTION

In 2008, Congress passed *The Fostering Connections to Success and Increasing Adoptions Act* which represents an historic shift in federal child welfare policy. The FCA created important new financial incentives to encourage state leaders to support permanency and put in place extended maintenance and services for young people who turn 18 while they are in foster care. Specifically, the FCA contains three key expansions of federal funding available under the Title IV-E program. These include:

1. The federal IV-E reimbursement that states receive for adoption assistance is no longer tied to IV-E income eligibility requirements.
2. States can opt to offer kinship guardianship assistance (custody assistance) for children and youth age 0 through 17 and receive federal IV-E reimbursement for eligible custody assistance.
3. States can opt to offer extended supports for young people until age 21 and receive federal IV-E matching funds. Extended supports include foster care[4]; adoption assistance for young people adopted age 16 and older; and guardianship assistance (custody assistance) for young people who enter into custody assistance at age 16 and older.[5]

The Fostering Connections Act presents an opportunity for states like Virginia that already make significant investments in permanency and supportive services for young people beyond age 18 using state and locality funds to recoup a portion of maintenance, support and administrative costs through Title IV-E. Until passage of Fostering Connections, few states allowed young people to continue to receive IV-E benefits, largely because federal reimbursement for placement, maintenance and administrative costs ended when a young person turned 18. Federal law now enables states to receive federal reimbursement for qualifying young people under the three IV-E programs highlighted above, so there are strong incentives and productive opportunities for states to extend assistance to young people beyond age 18. Programs funded with state and/or federal Chafee funds that provide support for case management and placement costs have the potential to now be covered in part through federal IV-E reimbursement, thereby freeing up state/locality funds and Chaffee funds for re-investment.

Against this backdrop, the Virginia Senate Committee on Rehabilitation and Social Services requested that officials in the Virginia Department of Social Services (DSS) provide a report "detailing a cost benefit analysis of extending the foster care and adoption program to the age of 21".[6] The Finance Project partnered with DSS and undertook a series of data collection, analysis, and facilitation activities to project the net fiscal impact of extending services statewide under the Title IV-E extension provisions of FCA These include:

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[4] Title IV-E eligible foster youth age 18 and older must be: either completing high school or an equivalent program; enrolled in post secondary or vocational school; participating in a program or activity designed to promote, or remove barriers to, employment; employed for at least 80 hours per month; or incapable of doing any of these activities due to a medical condition.

[5] *Fostering Connections* created a new category of eligibility placement – the Guardianship Assistance Program. States have the option of claiming reimbursement for qualifying children and youth placed with a relative guardian. States also can choose to extend eligibility for these placements to older youth.

[6] Letter from Senator Frank W. Wagner, Chairman, Senate Committee on Rehabilitation and Social Services, Senate of Virginia, to The Honorable Martin D. Brown, Commissioner, Department of Social Services, Commonwealth of Virginia, May 7, 2012.

- Facilitating agreement on key design parameters for extending Title IV-E assistance to age 21;
- Mapping current investments in older youth currently in and transitioning from foster care;
- Developing cost estimates for relevant programs based on the design parameters;
- Analyzing the net fiscal impact of extending services; and
- Developing implications for policy reform.

The detailed results of the study are presented in this report, which includes information on the methodological design and cost assumptions, projections of future costs and potential revenue associated with the FCA provisions, and implications for changes in policy and practice that would be required to implement FCA in the Commonwealth.

SECTION 1: OPPORTUNITIES AND BARRIERS TO EXTENDING SERVICES TO YOUTH IN FOSTER CARE BEYOND AGE 18 IN VIRGINIA

Purpose and intent of the Fostering Connections to Success and Increasing Adoptions Act of 2008 (FCA)

The Fostering Connections to Success and Increasing Adoptions Act of 2008 (FCA) promotes increased permanency and improved outcomes for children in the foster care system. Research shows that permanency is linked to better outcomes for youth in foster care. For instance, young people who achieve permanency are more likely to graduate from high school or get a GED. They are more likely to earn a bachelor's degree, be employed and have health insurance. They are also likely to have higher outcomes than their peers who do not achieve permanency. Researchers at Chapin Hall at the University of Chicago estimate that extending assistance will increase per-person lifetime earnings by an average of $72,000. They also found that the return in future earnings exceeds the average cost of an additional two years of extended assistance.[7]

The provisions of FCA span six areas:

1. Support for kinship care and family connections
2. Support for older youth
3. Coordinated health services
4. Improved educational stability and opportunities
5. Incentives and assistance for adoption
6. Direct access to federal resources for Indian Tribes

This fiscal analysis focuses on the implications of implementing the support for older youth provisions of FCA.

- *Foster Care Support and Services*: Young people who turn 18 while in foster care can continue to receive support and services until their 21st birthday;
- *Adoption Assistance*: Young people adopted at age 16 or older can continue to receive assistance until their 21st birthday; and

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[7] Peters, C.M., Dworsky, A., Courtney, M.E.,& Pollack, H. (2009). Extending foster care to age 21. Chicago, Illinois: Chapin Hall at the University of Chicago.
http://www.chapinhall.org/sites/default/files/publications/Issue_Brief%2006_23_09.pdf

- *Custody Assistance*: Youth entering into relative guardianship at age 16 or older can receive assistance until their 21st birthday.[8]

Figure 1 below displays the key FCA provisions that expand the availability of IV-E funds. It also highlights which supports Virginia currently provides and whether the Commonwealth has taken the steps necessary to leverage new IV-E funding available under FCA.

Figure 1: Virginia's Current Policy and Fostering Connections Provisions

Fostering Connection Provisions	Virginia Provides Supports	Virginia Has Taken Necessary Steps to Leverage New IV-E Funding Available under Fostering Connections
1. De-Link eligibility for adoption assistance from IV-E income eligibility	X	N/A – All states receive this category of increased IV-E revenue. No state action is necessary.
2. Kinship guardianship assistance (custody assistance) for children and youth 0 – 17		Virginia currently does not provide custody assistance.
3. Extension of Supports to 21		Virginia currently does not provide custody assistance for guardianship arrangements (custody assistance). Virginia does provide adoption subsidy to youth up to age 21 who have special needs.
Extension of Foster Care Supports and Services to 21	X[9]	
Extension of Guardianship (Custody) Assistance to 21		
Extension of Adoption Subsidy to 21	X[10]	

The costs of Title IV-E extended foster care supports and services and adoption assistance, funded with state and local funds in Virginia, now have the potential to be matched with federal funds, generating cost-savings for the state. Virginia does not currently offer guardianship assistance (custody assistance), but the plan to do so has been submitted to executive leadership for approval. In order to leverage the funding available for extended foster care services, Virginia also will have to extend adoption subsidy to age 21, and custody assistance to age 21, if custody assistance is implemented.

Federal requirements for securing reimbursement under FCA

To receive federal reimbursements under FCA, states have to meet several requirements:

- Eligibility: FCA requires youth ages 18 to 21 to meet title IV-E program participation, age, and educational or work requirements. This means that a young person must meet one of the following conditions
  - In foster care, including independent living, under the responsibility of the state Title IV-E agency,
  - Part of an adoption assistance agreement that became effective after the youth turned 16; or
  - Part of a kinship guardianship agreement (custody assistance) that became effective after the youth turned 16.

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[8] Fostering Connections created a new category of eligibility placement – the Guardianship Assistance Program. States have the option of claiming reimbursement for qualifying children and youth placed with a relative guardian. States can choose to also extend eligibility for these placements to older youth as well.

[9] Virginia Department of Social Services provides foster care benefits to eligible youth until age 18 who meet certain education requirements; local Departments of Social Services have the discretion to provide supports to youth over age 18, but do not receive federal IV-E reimbursements.

[10] Virginia provides adoption subsidy past age 18 to eligible youth who have special needs.

Eligibility also means that the youth must be one of the following:

- Completing high school or a program leading to an equivalent credential;
- Enrolled in post-secondary or vocational education part time or full time;
- Enrolled in a program to remove barriers to employment;
- Working at least 80 hours per month; or
- Incapable of pursuing any of these educational or employment activities.[11]

States have flexibility in how they implement these education and work requirements, as long as their plans are consistent with federal law. Additionally, although a child/youth must have met AFDC eligibility requirements at the time of removal from the home or voluntary placement in order to be eligible for Title IV-E foster care assistance, there is no requirement for AFDC redetermination to extend benefits when the youth turns 18, because he/she can not meet the definition of a "needy child" under federal welfare law.[12]

- *Placement Options*: FCA expands the definition of a child care institution to include supervised independent living settings for eligible youth ages 18 to 21. States, therefore, can obtain federal reimbursements for supervised independent living settings in which eligible youth reside.

- *Protections*: States that opt to extend Title IV-E assistance eligibility must provide all protections to older youth ages 18 to 21 that are provided to children under age 18, including case management, transition planning, permanency planning and regular judicial/administrative case reviews. FCA emphasizes that states must work towards permanency planning for all young people receiving benefits.

- *Re-entry after age 18*: FCA permits youth who were previously in foster care to become eligible for Title IV-E services after age 18, provided they meet the eligibility criteria for removal from the home (i.e., court-ordered removal prior to or after age 18; voluntary placement prior to or after age 18, and trial independence breaks in foster care).[13]

Effective October 1, 2010, states have the option to continue providing Title IV-E payments to youth ages 18 to 21 who were in foster care or who were adopted or in kinship guardianship (custody assistance) after they turned age 16, provided they meet the specified conditions related to education, work, and training. States can implement the extension of services to age 21 at one time, or they can roll out the extension over a number of years. As an example, California allowed youth age 18 in foster care to receive extended benefits until age 19 in 2012. Subsequent legislation then extended benefits to age 20 in 2013, and pending legislation would extend benefits to age 21 beginning in 2014.

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[11] See ACYF-CB-PI-10-11 for details.
[12] See ACYF-CB-PI-10-11 for details regarding AFDC redeterminations.
[13] Per ACYF-CB-PI-10-11, *Removal From Home* can include court ordered removal prior to age 18, voluntary placement agreement prior to age 18, court ordered removal after attaining age 18, voluntary placement agreement after attaining age 18, or Trial independence and breaks in foster care
Placement and Care Responsibility can include written authorization prior to age 18, voluntary placement agreement after attaining age 18, court orders after attaining age 18.

How foster care and services for older youth are currently managed in Virginia localities

Currently, DSS terminates payments for services to IV-E eligible youth when they turn 18, unless young people between ages 18 and 19 are finishing high school or a GED. For these IV-E eligible youth who turn 18 in foster care, continued payments for support and services are generally funded by Virginia's Comprehensive Services Act for At-Risk Youth and Families (CSA), which is "a single state pool of funds to purchase services for at- risk youth and their families."[14] Funds are used to cover payments to foster families, independent living stipends, and the costs of an array of supportive services, including health and mental health, education and employment training. CSA funds come from the Commonwealth. No federal funding is involved. Localities are required to match CSA funds to cover the full costs of these supports and services for older youth. The local match rate varies by locality and type of service provided.

A survey of localities undertaken as a part of this study showed that approximately 79 percent of Virginia localities report that they currently match CSA funding with local dollars to serve older youth who were in Title IV-E foster care prior to age 18.[15] Findings from the survey can be found in Appendix F.

Currently in Virginia, adoption subsidy payments also cease at age 18, unless a young person has a disability or other special needs. Extended payments for these youth are covered with a mix of federal and state funding. The FMAP rate for IV-E eligible payments is fifty percent, with the Commonwealth general fund supplying the remainder. Adoption subsidy payments are state supervised and locally administered. Monthly payment rates differ by age group. For children over age 13, the maximum payment is $666 per month for basic maintenance. Virginia also provides enhanced maintenance payments for children who require additional daily support and supervision.

Custody assistance payments for family/kinship care arrangements currently are not provided for children or youth of any age in Virginia, though DSS anticipates implementing custody assistance for children under age 18 in foster care in the future. At present there is no official start date for implementation; however, in 2010 a Custody Assistance Policy and Tools Work Group began work to frame and define the process for guidance.[16]

Current barriers to capturing Title IV-E reimbursement

Several legal and administrative barriers affect Virginia's ability to capture Title IV-E reimbursement for extending benefits to older youth. These include:

- *Statewide eligibility* -- Currently localities are not required to extend services to older youth. In order to qualify for Title IV-E reimbursement for youth aged 18 to 21, Virginia would need to require all localities to make assistance available equally to older youth.

- *Title IV-E eligibility requirements* -- As noted above, under the FCA provisions, youth must meet stated education and work requirements in order to qualify for IV-E reimbursement. Virginia would have flexibility in the design and implementation of these education and work requirements, as long as they are consistent with federal law.

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[14] Comprehensive Services Act, Commonwealth of Virginia. (2012). http://www.csa.virginia.gov/

[15] All 120 local Department of Social Services (DSS) were given a survey, developed by The Finance Project and the Virginia Department of Social Services. Of the 76 local DSS that replied, 60 (79 percent) indicated they provided services to youth in foster care until age 21.

[16] Virginia's Annual Report on the Five Year Child Welfare Plan. (2012).

- *Agency financing for older youth* -- Currently two agencies have responsibility for providing services and benefits to older youth in foster care and adoption assistance. For young people aged 18 and 19 who are completing high school or an equivalent educational credential, DSS continues to provide payments to foster families and adoption assistance to adoptive families. For other IV-E eligible youth who age out of care, and for non IV-E eligible youth, CSA is a funding source that provides assistance to cover the costs of their placements, protections and services.

- *Data limitations* -- The data systems maintained by the Virginia Department of Social Services and CSA are not integrated, and therefore, make it difficult to track the caseload and expenditures for youth aged 18 to 21 across the Commonwealth.

SECTION II: METHODOLOGICAL APPROACH

At the request of DSS officials, The Finance Project staff undertook a series of design, data collection and analysis activities to assist Virginia state agency and legislative leaders with assessing the net fiscal impact of extending Title IV-E eligibility to age 21. This support was structured around four key steps:

Facilitating agreement on key design parameters for extending benefits to age 21
This included specifying eligibility for extended assistance, placement options for older youth, protections, including case management, judicial/administrative oversight, and supportive services that will need to be offered to older youth statewide. To achieve a broad consensus on the specific design parameters, DSS appointed an interdisciplinary Fostering Connections Work Group comprised of state agency officials, local child welfare officials, judicial leaders, youth development specialists, service providers, advocates, and foster youth. (See Appendix A for a list of Work Group members.) The Finance Project staff facilitated three on-site design conversations for the Work Group. The purpose of these conversations was to establish the boundaries and the core assumptions that are the foundation of the fiscal analysis, including:

- Clarifying the design of extended assistance for youth aging out of foster care,
- Projecting the population of older youth who will utilize extended assistance, and
- Determining the cost basis for assessing the potential fiscal impact of extending assistance to older youth.

These conversations included discussion about the potential impact of extending all three IV-E programs (foster care maintenance, adoption assistance, and custody assistance) for young people age 18, 19, and 20.

Mapping current investments in older foster youth and projecting the utilization of extended assistance
In order to develop realistic and reliable estimates of extending IV-E assistance to older youth, The Finance Project staff worked closely with state program and budget staff in DSS and CSA to gather and summarize historic information over a period of three to five years, including:

- *Caseload data on the population of older youth who would be eligible for extended IV-E assistance* in order to project the expected trend in the number of youth who will be eligible for and will take advantage of extended benefits during the five year period from FY 2013 through FY 2018.

- *Budgetary data on federal, state and local investments in older youth* and the potential for cost savings in extending benefits under provisions of the FCA as completely and accurately as possible.

This enabled The Finance Project staff to project federal IV-E revenues and state/locality expenditures in Virginia, if the Commonwealth kept current programs in place and did not receive any additional revenue as a result of FCA.

Developing estimates of the costs extending Title IV-E assistance to age 21
Based on the specified design parameters and budgeting assumptions established by the Fostering Connections Work Group, The Finance Project staff worked with Virginia state program and budget staff to develop revenue and cost projections based on three to five years of trend data, in order to realistically forecast utilization rates as well as the expected costs of various placements, protections and other administrative costs from FY 2013 through 2017.

Projecting the net fiscal impact of extending Title IV-E assistance to age 21
Based on the selected design parameters, cost assumptions, expected new Title IV-E revenues, and potential state and locality savings, The Finance Project calculated the net fiscal impact of implementing Fostering Connections older youth provisions in Virginia based on the difference in state and local expenditures prior to FCA and if the Commonwealth takes advantage of all relevant provisions of the federal law. Based on the data collected during the mapping process and the cost projections developed, The Finance Project analyzed:

- The *amount of new Title IV-E funds that will be available* to support older youth in foster care statewide annually from FY 2013 through 2017;
- The *amount of funds Virginia currently spends on 18 to 21 year olds that can be reallocated for other purposes* because these services can be reimbursed by Title IV-E; and
- The *amount of state spending that will be required to extend Title IV-E assistance* to the eligible population of older youth annually from FY 2013 through 2017.
- The *amount of locality spending that will be required to extend Title IV-E* assistance to the eligible population of older youth annually from FY 2013 through 2017.

Presenting implications for policy reform and budgeting
The Finance Project's program analysis and fiscal analysis have implications for statutory, budgetary and administrative actions, if Virginia is to extend Title IV-E assistance to youth aged 18 to 21.

In addition to these steps there were some notable **data limitations** in conducting the study:

- **CSA data and DSS data are not integrated** -- While there is significant overlap in the population of older youth who are served using CSA funding and who receive case management services provided by DSS, this study was not able to use youth-specific information to determine actual costs for each youth. Consequently, estimates are used to determine average per-youth maintenance costs, services costs, and administrative and case management costs in developing the cost projections.
- **CSA cost data is not from their financial system** -- CSA cost data is reported based on gross costs reported by localities. It does not come from information in the CSA financial system. Consequently, there may be some discrepancies when comparing cost data to actual CSA expenditures. The CSA "community-based services" cost category captures services costs for all children and families served by CSA, with no

ability to extract services information solely for foster care. As a result, this category of funding for services could not be used to extrapolate additional service cost information.

- **DSS cost data not broken out by age --** DSS cost data also has some limitations. Available information on case management costs, administrative costs, and maintenance costs is not available for the specific subset of older youth ages 18 to 21 that are the target of this study. Consequently, the average costs for administrative costs and case management costs represent average costs for youth, age's birth to 21. Similarly, the Title IV-E penetration rate (approximately 48 percent) used in estimating the amount of federal revenue that will be received is based on the entire population of children and youth in foster care.

SECTION III: DESIGN PARAMETERS AND BUDGET ASSUMPTIONS

The Fostering Connections Work Group established a set of clear design parameters and budgeting assumptions to guide the fiscal analysis. These included specification of the population of older youth who would be eligible for extended IV-E assistance, placement options, protections (including case management, judicial and administrative oversight) and available services.

Eligibility

For purposes of the fiscal analysis, the Work Group specified the following parameters:

- Eligibility shall be extended for all three categories of Title IV-E eligible youth statewide: foster care support and services, adoption subsidies, and custody assistance.
- Homeless youth shall not be included.
- Youth in a juvenile detention facility when they turn 18, who were in foster care prior to DJJ placement, shall be included. Other youth leaving juvenile detention, who were not previously in the child welfare system, shall not be included.

The analysis examines the fiscal impact of extending eligibility to age 21 and provides a caseload and cost breakdown by year of age (18, 19, 20). It also distinguishes between IV-E eligible and IV-E non-eligible youth, although both groups will continue to receive services.

Housing and placement

For purposes of the fiscal analysis, the Work Group specified that the fiscal analysis would take account of a continuum of placement options that provide a graduated progression of structure and supervision and offer young people greater levels of freedom and independence. It also specified that placement decisions be made in consultation with the young people involved. The analysis assumes that should Virginia opt to extend eligibility to IV-E eligible youth ages 18 to 21; the current array of placements options will continue to be available.

- *Family-based foster care*, living with an approved foster care family that receives payment for providing room and board, clothing and other basic essentials.
- *Transitional placements*, which may include community-based apartments or cluster site arrangements in which foster care maintenance payments are paid to licensed providers. They are meant to help youth transition from group care or family-based foster care to settings where youth exercise a higher degree of independence. Transitional placements include a high-level of supervision and intensive independent living skills training. In some cases, youth with mental health needs or other challenges may remain in this placement setting long-term.

- *Independent living arrangements*, which may include community-based apartments, college dormitories, and host homes in which foster care stipend payments are paid directly to the youth. For a young person who moves from a transitional placement to an independent living arrangement, the transition should focus on who receives the payments and, in many cases, shall not result in a physical move for the youth. Independent living arrangements require neither supplementary services, nor supervision beyond traditional case management.

Protections

For the purposes of the fiscal analysis, the Work Group outlined several basic protections for older youth who receive extended Title IV-E assistance, including case management, transition planning, permanency planning and oversight.

- *Case management, transition planning, and permanency planning* shall continue for youth ages 18 to 21 including:
  - *Monthly face-to-face visits* with a caseworker shall continue, as required by FCA.
  - Local departments of social services shall have the option to *contract with private providers* to offer direct services and employ the same standards currently employed for case management. Specialized contracted staff shall be knowledgeable about youth development, effective at working with young people, and experienced in coordinating with relevant adult service systems.

- *Oversight* -- Status hearings and case reviews shall be held in a youth friendly environment, with the young person having a clear self-advocacy role. The primary focus of oversight shall be on ensuring that young people receive the needed supports and services to help them move toward independence, based on their transition plan. Key elements of oversight shall include:
  - A *court review every six months*, presuming that the judge or young person can request more frequent contact, if needed;
  - An *annual permanency review*, which constitutes a formal judicial proceeding in Virginia;
  - *Continued legal representation* for all young people 18 and older who opt to receive Title IV-E assistance.

Supportive services

For purposes of the fiscal analysis, the Work Group agreed that a continuum of supportive services that address the educational, employment, and physical/mental health needs of young people continue to be available to enable young people to succeed as adults. The current array of services available to eligible youth ages 18 to 21 in Virginia remains the same.

SECTION IV: ANTICIPATED TRENDS IN THE TITLE IV-E ELIGIBLE POPULATION OF OLDER YOUTH, FY 2013 - FY2017

The Finance Project examined five years of historical caseload data to project trends in the older foster care population that area the foundation for this fiscal analysis. Appendix B provides detailed information on the foster care case load along with other historical data that was used to develop projections of the number of youth who will receive benefits past age 18.

Youth who will meet the FCA requirements for extended assistance

In Virginia, the total number of older foster youth (i.e., 17 year olds) in care has declined steadily since 2007, by an average of nine percent per year. During the same period, the number of 18 year olds in care has also declined by 9 percent per year on average. As seen in Figure 2, in 2011, just under 800 youth turned 18 and continued to receive foster care services for at least some period of time.

Figure 2: Number of Youth Who Turn Age 17 and Age 18 in Foster Care[17]

	2006	2007	2008	2009	2010	2011	Total 2006 to 2011	Annual Percent Change
Number of youth who turned 17 in foster care	1,109	1,173	1,137	1,002	878	774	6,073	- 9 %
Number of youth who turned 18 in foster care and continued to receive services	965	1,008	1,070	1,042	917	794	5,796	- 9 %

While it seems unlikely that the decline over the next five years will be as steep as it has been since 2007, The Finance Project staff estimates that the population of older youth who continue to receive services after their 18th birthdays will continue to decline between two to seven percent per year.[18] Figure 3 demonstrates the number of youth ages 18 to 21 who continue to receive foster care support and services is expected to decline from approximately 1,300 to 1,500 in FY 2013 to approximately 1,100 to 1250 in FY 2017. We expect that between 5,831 and 6,815 youth will turn 18 in foster care over the five year period from FY 2013 through FY 2017.

Understanding Foster Care Population Estimates Used for the Analysis

For this analysis, the population of youth in foster care that is reported represents the aggregate number of youth who received at least one service at any point during the year, whether it is for one day or 365 days. This number is higher than point in time counts, which typically report the number of youth receiving services in a particular month. It is also important to note that the aggregate numbers do not represent how many youth are in care at one time, but instead represent how many access services at some point during the year; hence, the monthly census numbers are lower than the yearly aggregate.

The Finance Project created two scenarios for purposes of analysis[19].

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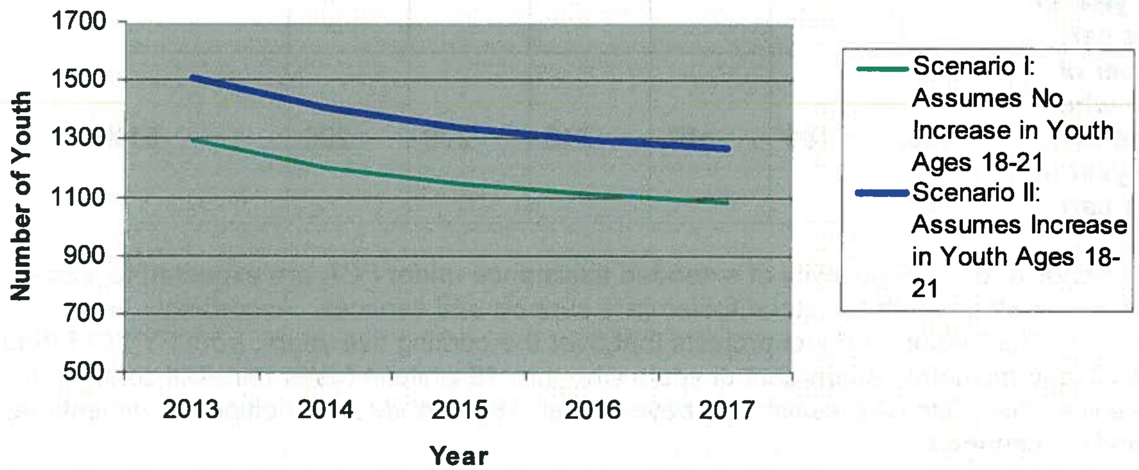
[17] Data provided by Virginia Department of Social Services.

[18] The Finance Project estimates that the percentage of youth who continue to receive services after reaching 18 in care decline by 9 percent in SFY 2013, 7 percent in SFY 2014, 5 percent in SFY 2015, 3 percent in SFY 2016, and 2 percent in SFY 2017.

[19] States have discretion in determining which of the education or employment conditions they will include and how it will determine whether a youth meets the conditions (ACYB-CB-PI-10-11). This analysis assumes in its projections that youth will meet one of these conditions. Additionally, this analysis assumes that the Commonwealth will allow all current supervised Independent Living placements to be included in its IV-E "supervised independent living" criteria should it opt into FCA.

- *Scenario I* assumes the Commonwealth opts in to Fostering Connections, but there is no change in the number of youth who receive extended benefits, the length of their stays/services, or the types of services they access. The primary difference between Scenario I and not opting in to Fostering Connections is that the Commonwealth would take advantage of federal IV-E reimbursements for eligible youth.
- *Scenario II* assumes that Virginia opts in to Fostering Connections, and that the number of youth who elect to receive extended benefits increases at a reasonable rate, as does the number who continue to receive services in each age cohort.

Figure 3
Projected Number of Youth Ages 18 to 21 Who Receive Foster Care Support and Services, 2013-2017



Appendix B presents more detailed information concerning the projected number of youth who will extend foster care services by age.

A high proportion of youth who turn 18 while in foster care, 88 percent, continue to receive assistance as 18 year olds, presumably because they are completing high school or working toward an equivalent educational credential.[20] This proportion, which is already quite high, has increased over the past three years. Figure 4 below shows the number of youth who turn 18 and continue to receive services for some period of time after age 18. Figure 4 also shows the percentages of youth 18 year olds who continued to receive services to age 19 and to age 20.[21]

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[20] Beth Jones. (January 2012). VDSS research brief: Age at exit for 18 year olds in foster care in Virginia. VDSS Office of Research and Planning.
[21] Data provided by VDSS Division of Family Services.

Figure 4 – Historical Data for Youth Receiving Services, ages 18 to 21

	2006	2007	2008	2009	2010	2011	Percent of youth who continued to receive services after reaching this age
Number of youth who turned 18 each year in foster care	965	1,008	1,070	1,042	917	794	**88%**
Number of youth who turned 19 each year in foster care	358	354	421	447	485	413	**49%**
Number of youth who turned 20 each year in foster care	190	185	191	248	270	296	**61%**

These trends and the availability of extended assistance under FCA are expected to create incentives for older youth to extend foster care support and services. Accordingly, under Scenario II, The Finance Project projects that over the coming five years, from FY 2013 through FY 2017, approximately 90 percent of youth who turn 18 while in foster care will continue to receive extended Title IV-E assistance beyond their 18th birthdays. Additionally, we estimate that under Scenario II:

- The proportion of youth who continue to receive benefits during the year after their 18th birthday will increase from 88 to 90 percent;
- The proportion of 19 year olds who continue to receive services until their 20th birthday will increase from 49 to 60 percent; and
- The proportion of 20 year olds who continue to receive services until their 21st birthday will increase from 61 to 75 percent.

Finally, the Work Group specified that The Finance Project include in the analysis youth who exit DJJ placements and had been in foster care prior to turning 18. The analysis does not include youth leaving DJJ placements who were not in foster care prior to entering the juvenile justice system and who were not Title IV-E eligible. Based on a four-year average, approximately 32 youth (2.7 percent of those leaving a DJJ placement) are expected to be served by DSS between ages 18 and 21. The analysis assumes that these youth would utilize the same mix of services as other youth in DSS.

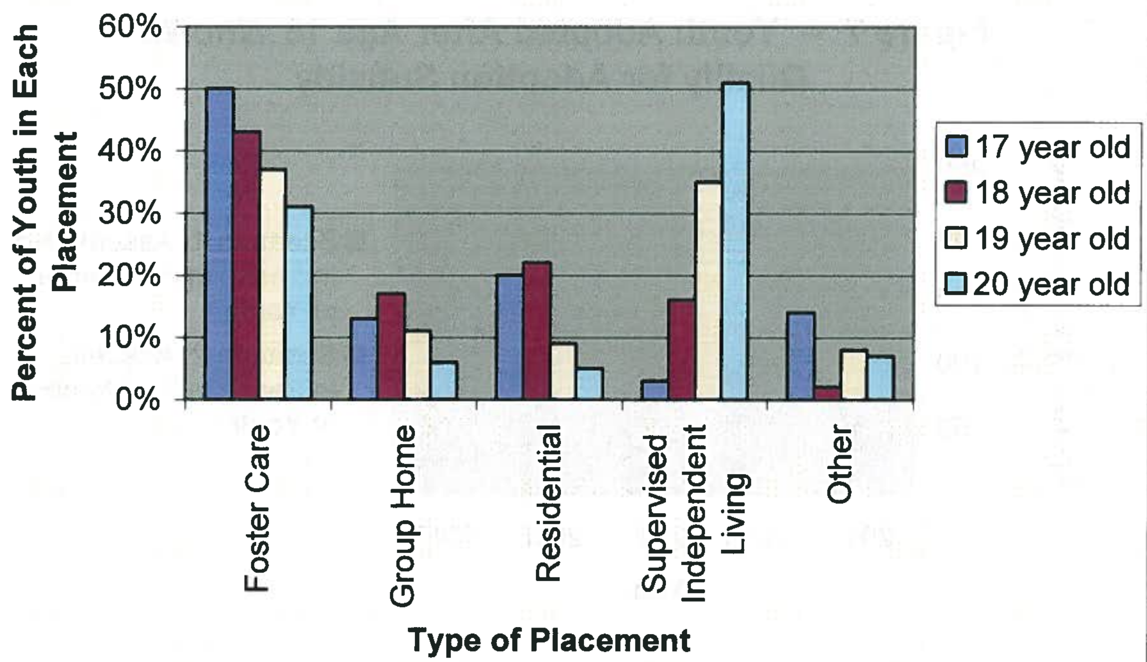
Figure 5 shows the number of eligible youth exiting the juvenile justice system who are likely to take advantage of foster care supports and services after age 18.

Figure 5: Youth Exiting DJJ Custody by Year

	2009	2010	2011	2012
Number of youth who were in foster care immediately prior to DJJ placement) and were released from the DJJ at age 18	41	27	31	28

Expected placements for Title IV-E eligible older youth
In general, as youth get older, their rate of placement in foster homes or congregate care facilities declines and their rate of placement in some form of supervised independent living arrangement increases as shown in Figure 6, which presents the average percent of placements by year of age over the past five years. The Finance Project used this data to project the types of services youth would receive if Virginia opted in to FCA.

Figure 6– Historical Placement of Older Youth, By Age - 2006 through 2011



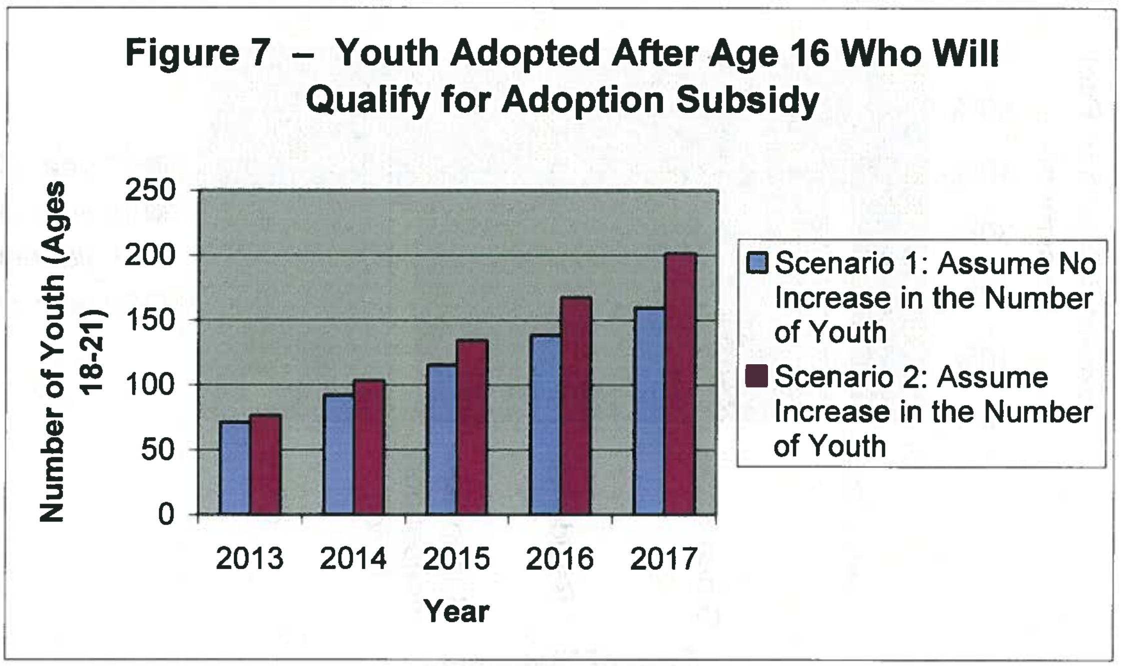
Appendix B presents more detailed information on placements for older youth.

Expected population of older youth who will qualify for adoption subsidy
Over the past five years, on average 119 adoptions involved 16 and 17 year olds who exited foster care to adoption <u>and</u> received an adoption subsidy were finalized. In 2010, a state push towards adoption led to a large increase in adoptions. From 2009 to 2010, there was a 75

percent increase in the number of youth aged 16 and 17 who exited to foster care to adoption and received a subsidy. From 2010 to 2011, there was a 60 percent increase. The five-year average annual increase for youth age 16 and 17 who exited foster care to adoption and received the adoption subsidy was 33 percent.

As previously noted, The Finance Project created two scenarios for adoption subsidy. Figure 7 presents the projected number of youth adopted after age 16 who will quality for adoption subsidy for years 2013 to 2017.

> *Scenario I* assumes no change in the number of adoptions of older youth from what is already projected for the next five years based on recent historical patterns. Accordingly, under this scenario, from FY 2013 through FY 2017, the number of youth who will meet Title IV-E subsidy requirements is expected to increase from approximately 92 to 159. The cost of adoption subsidies for older youth will be shared between Commonwealth funds and federal Title IV-E reimbursement.
>
> *Scenario II* assumes that extending adoption subsidies for youth beyond age 18 will create greater incentives for adoption of 16 to 18 year old foster youth. It assumes that the initial impact will be an additional five percent increase in the number of youth receiving adoption subsidy in FY 2013, with a declining annual percent increase thereafter to --- percent in FY 2017.



Appendix B presents more detailed information on the number of youth adopted after age 16 who qualify for an adoption subsidy.

Expected population of older youth who will qualify for custody assistance
Currently, Virginia does not provide custody assistance for children and youth of any age, though DSS plans to implement a custody assistance program in the future. As such, there is no historical data to inform projections of youth that would be in custody assistance. Consequently, information from several recent DSS analyses was used to estimate the

population of youth who are likely to exit care to guardianship (custody assistance) after age 16. Based on prior research, The Finance Project staff estimate that approximately 40 older youth per year will receive custody assistance and the average monthly subsidy would be approximately $918.

SECTION V: SUMMARY OF FISCAL IMPACT

Based on the design parameters and budgeting assumptions established by the Work Group, The Finance Project developed cost projections and estimated the net fiscal impact of implementing the FCA older youth provisions in Virginia. This section presents the following analyses:

- **Fiscal impact for extending foster care supports and services to age 21 -** examines the impact of extending foster care subsidies to older youth;
- **Fiscal impact of extending adoption subsidies to age 21** - examines the impact of extending subsidies to age 21 for youth adopted after age 16;
- **Fiscal impact of extending custody assistance to age 21**[22] - examines the impact of extending custody assistance to age 21 for youth exiting care to custody assistance after age 16.
- **Fiscal impact of DJJ youth option** - examines the impact of allowing youth who turn 18 in a Department of Juvenile Justice custody placement to access extended foster care services through Fostering Connections.
- **Total fiscal impact for state and localities** - summarizes the impact of all three Fostering Connections provisions, including extending foster care services, adoption assistance, and custody assistance.

Based on The Finance Project's fiscal impact analysis, Virginia will benefit financially from adopting and implementing the older youth provisions of FCA. The Commonwealth already makes significant investments in supporting and serving older youth who turn 18 while in foster care, and an estimated 79 percent of localities match state funding at varying levels depending on the assistance they offer and the number of youth they serve. As a consequence, Virginia is eligible to recover Title IV-E reimbursable costs for extending benefits to older youth statewide, thereby freeing up state, local and/or federal Chafee funds for re-investment.

As described in detail in this report, The Finance Project staff worked closely with state program and budget staff to gather and analyze historic data on trends in the child welfare population. This entailed examining the number of older youth who currently continue to receive services after their 18th birthday, and projecting the likely number of older youth who would take advantage of extended assistance if it were available. It also enabled us to analyze and disaggregate the costs of serving older youth and the portion of costs that will be reimbursable under Title-IV-E. These assumptions concerning penetration[23] and costs per youth enabled us to project the fiscal implications of adopting and implementing the three relevant FCA programs for older youth in Virginia -- extending foster care maintenance and support, adoption subsidies and custody assistance.

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[22] Virginia does not currently provide custody assistance children and youth of any age. However, if policymakers decide to implement custody assistance for younger children, they will also need to extend this benefit to older youth ages 18 and 21 in order to be eligible for Title IV-E reimbursement for any services to older youth.

[23] The Title IV-E Foster Care Penetration Rate represents the percentage of children in out-of-home placements for which a state received Title IV-E reimbursement from the federal government for foster care maintenance payments.

Fiscal impact for extending foster care supports and services to age 21
Data on the actual fiscal impact of implementing the FCA provisions for older youth in other states are still sparse. Accordingly, in order to provide Virginia officials with a reasonable range of possible cost and revenue estimates, The Finance Project analyzed the fiscal impact of extending assistance to youth who turn 18 while in foster care using two alternative scenarios and compared the results to not implementing the FCA provisions.

> _No Fostering Connections Scenario_ assumes that Virginia does not adopt or implement any of the FCA older youth provisions. This represents the status quo. Projections are based on an historic analysis of trends in the population of older youth in foster care. It assumes that the pattern of decline in the older youth population will continue over the next five years. It also assumes that current expenditures for support and services for these older youth will continue at current levels, primarily through CSA, using a blend of state and locality funding.
>
> _Scenario I_ assumes that Virginia adopts and implements the older youth provisions of FCA and extends foster care support and services to youth ages 18 to 21 without any change in the number of older youth who are served. It also assumes that the level of services and the amount of time that older youth use these benefits does not change. Essentially, this scenario assumes that the primary impact of Fostering Connections is to enable the Commonwealth to access Title IV-E revenue for older youth whose support and services are currently paid entirely from state and local funding and the Chafee Independent Living Program, primarily through CSA. This scenario is conservative, but quite plausible, because of the high percentage of older youth that Virginia already serves (nearly 88 percent for some period of time after age 18).
>
> _Scenario II_ assumes that Virginia adopts and implements the older youth provisions of FCA and extends foster care support and services to youth ages 18 to 21. It also assumes that because the law creates incentives for youth to take advantage of extended assistance, more older youth will receive benefits. Under this scenario, the Commonwealth will serve more youth and the total costs of providing supports and services will increase over current levels. The portion of total costs for maintenance, support and administration is eligible for Title IV-E reimbursement. Therefore, the Commonwealth will also receive increased Title IV-E revenue to help offset the increased costs.

One of the key tenets of FCA is that it allows states to extend Title IV-E eligibility to youth who opt to receive foster care support and services after age 18 and up to age 21. Over the course of 2011, Virginia provided foster care and independent living services to 1,503 youth over the age of 18 and up to age 21[24]. Most of these services, with the exception of Chafee funded independent living services, were funded through CSA using a blend of local and state dollars. By adopting and implementing the FCA older youth provisions, Virginia will be able to extend eligibility to approximately 732 of these youth, based on the current IV-E penetration rate of 48.7 percent.

[24] This analysis uses the aggregate number of youth who received at least one service during the year, whether it was for one day or 365 days, rather than the monthly point in time census.

Fiscal impact under Scenario I

Figures 8 presents the total costs, population served, and the net costs or savings for the Commonwealth and localities under Scenario I. Costs and savings are presented by year, as well as the net costs and savings across the five years. Additionally, the percent of total costs are presented for the Commonwealth and localities.

Figure 8: Scenario I Total Costs and Net Savings: Foster Care Supports and Services

SCENARIO I	2013	2014	2015	2016	2017	Total	Percent of Total Costs
Foster Care Support and Services							
Total Costs	**$33,868,472**	**$31,497,679**	**$29,922,795**	**$29,025,111**	**$28,444,609**	**$152,758,667**	
Population Served	**1,293**	**1,202**	**1,142**	**1,108**	**1,086**		
Net Costs / (Savings)							
State	$(4,921,155)	$(4,576,674)	$(4,347,841)	$(4,217,405)	$(4,133,057)	$(22,196,133)	-25%
Local	$(1,680,614)	$(1,562,971)	$(1,484,823)	$(1,440,278)	$(1,411,472)	$(7,580,158)	-22%
Total	$(6,601,769)	$(6,139,646)	$(5,832,663)	$(5,657,683)	$(5,544,530)	$(29,776,291)	-19%

Percent of state net costs/savings are based on the total state costs. Percent of local net costs/savings are based on the total local costs. See Appendix C for more detail on total state and local costs used to derive these percentages.

The total costs of extending foster care support and services under Scenario I and the No Opt In scenario are the same -- approximately $152.8 million over the five year period from FY 2013 through FY 2017[25]. The key difference is that under Scenario I, the Commonwealth will be able to draw down Title IV-E revenue to help offset these costs. Virginia is projected to be eligible to recoup approximately an additional $29.8 million in Title IV-E reimbursement for maintenance, support and administrative costs over the five-year period from FY 2013 through FY 2017 -- about $5.5 to $6.6 million per year, depending on the number of older youth opting to receive extended assistance (see Appendix C). Currently, Virginia is not able to bill the federal government for these youth, with the exception of a small number of 18 year olds who are completing school or a job training program, or until they reach age 19[26].

- This projected net savings represents approximately 19 percent of the total estimated cost of extending assistance to older youth statewide -- approximately 25 percent of the Commonwealth's share and 22 percent of localities' share of costs, annually and over the five-year period.
- The *net savings to the Commonwealth* over the five years is approximately $22.2 million -- ranging from about $4.9 million in FY 2013 to about $4.1 million in FY 2017.
- The *net savings to localities* is approximately $ 7.6 million over the period -- ranging from about $1.7 million in FY 2013 to about $1.4 million in FY 2017.

Figure 9a and Figure 9b compare Scenario I with what would happen if Virginia does not implement the FCA older youth provisions, but continues to serve the existing population of older youth.

[25] Appendix X presents the net savings and costs of extending foster care support and services.
[26] DSS was not able to provide an estimate of the number of youth this group represents. As a result, this study assumes Virginia does not draw down any Title IV-E funding for youth aged 18.

Figure 9a - Shared State and Local Costs of Extending Foster Care Services Without Opting In to Fostering Connections (Current Eligibility)

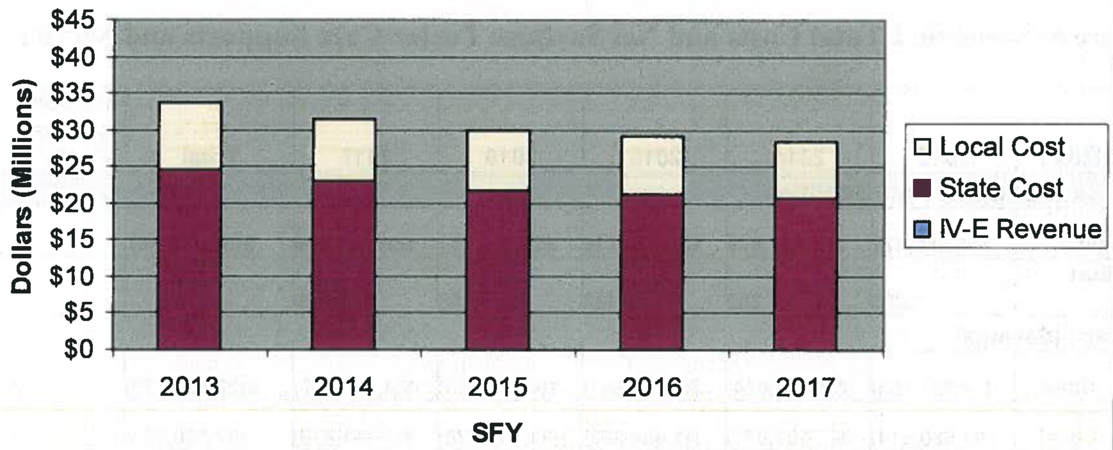
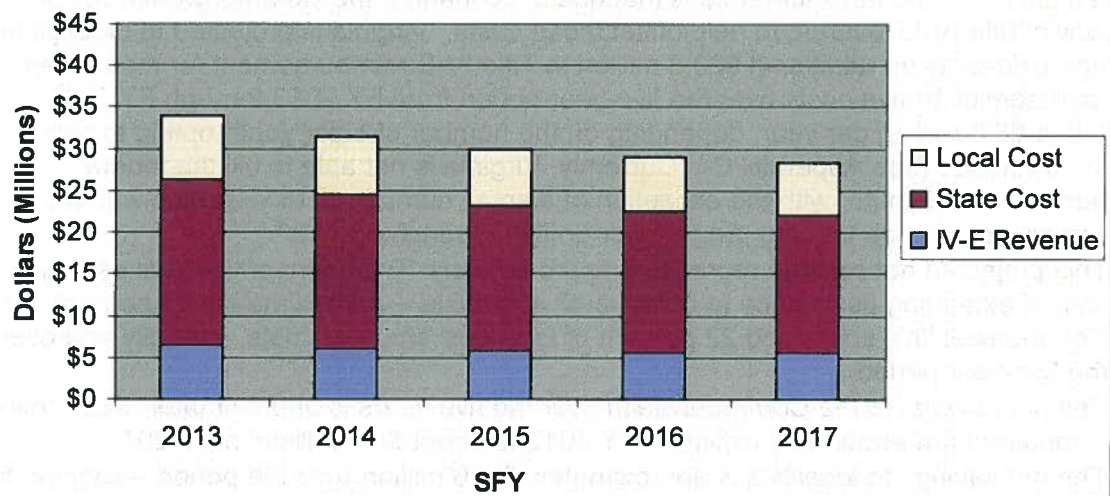


Figure 9b - Scenario I. Shared Federal, State, and Local Costs of Extending Foster Care Services, Opting in to Fostering Connections (No Increase in Youth)



Appendix C presents more detailed information on the shared federal, state, and local costs of extending foster care support and services.

Fiscal impact under Scenario II

Under Scenario II, the number of youth who receive extended foster care assistance is projected to increase at a reasonable rate each year over the five-year period, as shown in Figure 10.

Figure 10: Additional Number of Youth Served Under Scenario II

	2013	2014	2015	2016	2017	Total Number of Youth
18 year olds	14	13	13	12	12	64
19 year olds	88	82	78	76	74	398
20 year olds	116	108	102	99	97	522
Total Youth	**218**	**203**	**193**	**187**	**183**	**984**

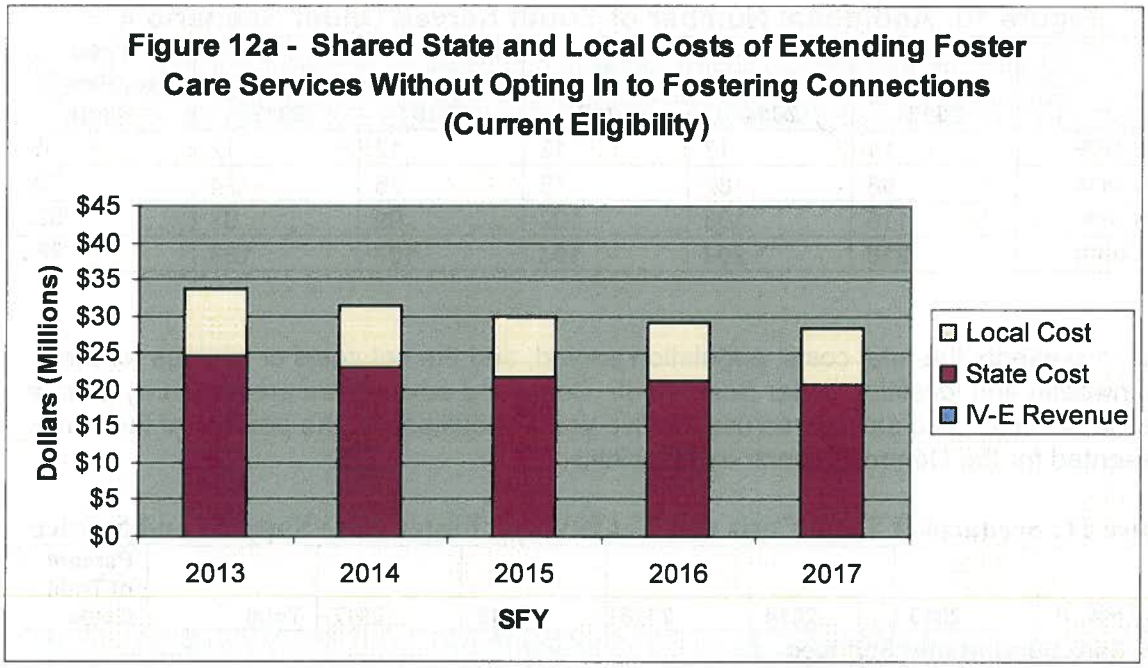
Figures 11 presents the total costs, population served, and the net costs or savings for the Commonwealth and localities under Scenario II. Costs and savings are presented by year, as well as the net costs and savings across the five years. Additionally, the percent of total costs are presented for the Commonwealth and localities.

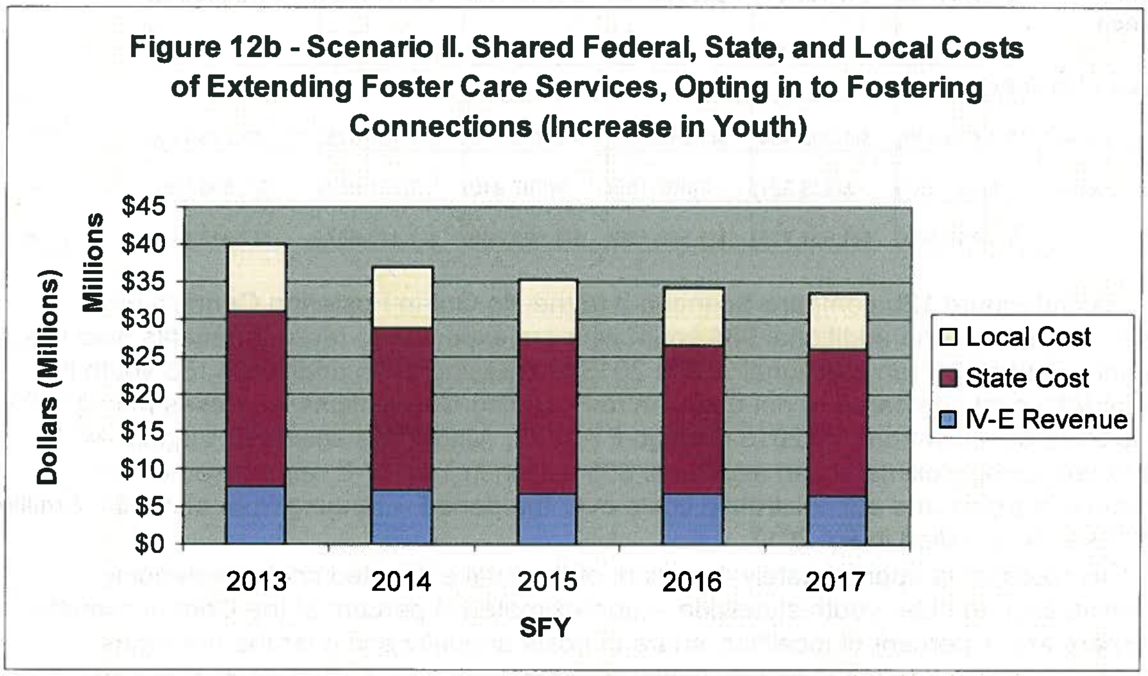
Figure 11: Scenario II Total Costs and Net Savings, Foster Care Support and Services

SCENARIO II	**2013**	**2014**	**2015**	**2016**	**2017**	**Total**	**Percent of Total Costs**
Foster Care Support and Services							
Total Costs	**$39,880,725**	**$37,089,074**	**$35,234,620**	**$34,177,582**	**$33,494,030**	**$179,876,032**	
Population Served	**1,511**	**1,405**	**1,336**	**1,295**	**1,269**		
Net Costs / (Savings)							
State	$(1,406,939)	$(1,308,454)	$(1,243,031)	$(1,205,740)	$(1,181,625)	$(6,345,789)	-6%
Local	$(347,657)	$(323,321)	$(307,155)	$(297,940)	$(291,982)	$(1,568,055)	-4%
Total	**$(1,754,596)**	**$(1,631,775)**	**$(1,550,186)**	**$(1,503,680)**	**$(1,473,607)**	**$(7,913,844)**	**-4%**

Figure 12a and Figure 12b compare Scenario II to the No Opt-in Fostering Connections scenario. Because of the additional 984 youth who are expected to receive benefits over five years under Scenario II (an additional 218 in 2013 decreasing to an additional 183 youth in 2017), the total cost compared to not opting in to Fostering Connections increases from $152.8 million to $179.9 million from FY 2013 through FY 2017. Under this scenario, Virginia will be eligible to recoup approximately an additional $35 million in Title IV-E reimbursement for maintenance, support and administrative costs over the period -- ranging from about $7.7 million in FY 2013 to $6.5 million in FY 2017.

- This represents approximately 4 percent of the total estimated cost of extending assistance to older youth statewide -- approximately 6 percent of the Commonwealth's share and 4 percent of localities' share of costs annually and over the five years.
- The *net savings to the Commonwealth* is approximately $ 6.3 million over the five year period -- ranging from about $ 1.4 million in FY 2013 to about $1.2 million in FY2017.
- The *net savings to localities* over the five year period is approximately $ 1.6 million -- ranging from about $348,000 in FY 2013 to $292,000 in FY 2017.





Appendix C presents more detailed information on the shared federal, state, and local costs of extending foster care services.

<u>Determining what are allowable Title IV-E costs</u>
This analysis assumes that all youth, ages 18 to 21, will continue to receive foster care services, regardless of whether they are IV-E eligible or not. However, only those youth who were eligible for Title IV-E prior to turning age 18 will be eligible for Title IV-E reimbursement after age 18

under the provisions of FCA. Currently, in Virginia, approximately 48 percent of youth who age out of foster care at 18 are Title IV-E eligible.

Only certain costs are reimbursable by Title IV-E. Fostering Connections does not change the types of costs that are reimbursable for Title IV-E, except that it allows supervised independent living placements to be reimbursed under the program. As such, costs that are allowable under Title IV-E generally include all maintenance costs, and a portion of administrative costs, as well as a portion of case management costs incurred for providing services to youth. Notably, services for youth, which may include counseling, mentoring, tutoring, respite care, education, psychological, educational and medical assessments, are not reimbursable by Title IV-E, and will continue to be non-reimbursable under FCA[27].

Figure 13 below provides a breakdown of each scenario and shows the total costs broken out by services, maintenance, case management, and administrative costs. What is notable is that Virginia is expected to continue to provide services to older youth, at an estimated cost between \$6.0 and \$5.0 million in FY 2013, depending on what scenario we consider. While service costs cannot be reimbursed through Title IV-E, the additional Title IV-E that is recouped through billing for maintenance, administrative, and case management costs, is enough to offset nearly all of the costs of providing services to this population.

[27] Maintenance means payments made on behalf of a child in foster care to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel for the child to visit with family or other caretakers and to remain in his or her previous school placement. The Enhanced Maintenance Payment is a reimbursement paid to a foster parent over and above the basic foster care maintenance payment or to an adoptive parent. It is based on the needs of the child for additional supervision and support.
Services include counseling, mentoring, tutoring, respite care, education, psychological, educational and medical assessments, costs of child's recreation and other costs that are not covered by maintenance or administrative payment.

Figure 13: Summary Breakdown of Costs for Extending Foster Care Services (Shaded portion of costs are allowable under Title IV-E)

	SFY 2013	SFY 2014	SFY 2015	SFY 2016	SFY 2017
Existing Eligibility (No Fostering Connections)					
SUMMARY					
Total	**$33,868,472**	**$31,497,679**	**$29,922,795**	**$29,025,111**	**$28,444,609**
Services	$6,608,709	$6,146,099	$5,838,794	$ 5,663,631	$5,550,358
Maintenance	$17,534,758	$16,307,325	$15,491,959	$15,027,200	$14,726,656
Administrative Costs	$4,548,490	$4,230,096	$4,018,591	$3,898,033	$3,820,072
Case Management Costs	$5,176,515	$4,814,159	$4,573,451	$4,436,248	$4,347,523
Scenario I: Extend Eligibility to 21 (Assume No Increase in Youth)					
SUMMARY					
Total	**$33,868,472**	**$31,497,679**	**$29,922,795**	**$29,025,111**	**$28,444,609**
Services	$6,608,709	$6,146,099	$5,838,794	$5,663,631	$5,550,358
Maintenance	$17,534,758	$16,307,325	$15,491,959	$15,027,200	$14,726,656
Administrative Costs	**$4,548,490**	**$4,230,096**	**$4,018,591**	**$3,898,033**	**$3,820,072**
Case Management Costs	**$5,176,515**	**$4,814,159**	**$4,573,451**	**$4,436,248**	**$4,347,523**
Scenario II: Extend Eligibility to 21 (Assume Increase in Youth)					
SUMMARY					
Total	**$39,880,725**	**$37,089,074**	**$35,234,620**	**$34,177,582**	**$33,494,030**
Services	$7,810,161	$7,263,450	$6,900,277	$6,693,269	$6,559,404
Maintenance	$20,495,935	$19,061,220	$18,108,159	$17,564,914	$17,213,616
Administrative Costs	**$5,316,615**	**$4,944,452**	**$4,697,229**	**$4,556,312**	**$4,465,186**
Case Management Costs	**$6,258,014**	**$5,819,953**	**$5,528,955**	**$5,363,087**	**$5,255,825**

<u>Determining fiscal impact by age cohort</u>

DSS also asked The Finance Project to look at the cost of extending foster care services to age 21 for each age cohort – 18, 19, and 20 year olds. Some states have chosen to phase in their extension of services over time, by first including 18 year olds, and then adding benefits for 19 year olds and 20 year olds in the following years. This analysis provides DSS with information that will allow them to consider the costs of possibly phasing in the extension of foster care services. Appendix C provides the complete analysis of the fiscal impact by each age cohort.

Average cost per youth by cost category

Figure 14 presents an analysis of the cost per youth, broken down by each category of cost that make up the full cost of providing foster care services, including services, maintenance, administration, and case management.

Figure 14: Costs per Youth, by Category of Cost

Total Costs Per Youth	No Fostering Connections Scenario and Scenario I
Total Cost Per Youth	$ 26,203
Services	$ 5,113
Maintenance	$ 13,566
Administrative Costs	$ 3,519
Case Management Costs	$ 4,005

Additionally, The Finance Project analyzed the cost per youth served, by *who* would pay the cost: the state, localities, or the federal government through Title IV-E. Figure 15 below is a snapshot of the cost of serving one child for the No Fostering Connections Scenario as compared to Scenarios I and II.

Figure 15: Cost per Youth, by Source of Funds

	No Fostering Connections Scenario	Scenario I
Total Costs Per Youth	$ 26,203	$26,203
Federal	$0	$ 5,108
State	$ 19,044	$ 15,237
Local	$ 7,158	$ 5,858

Fiscal impact of extending adoption subsidies to age 21

The availability of federal IV-E reimbursement to offset a portion of extended foster care costs presents a significant financial opportunity for Virginia, given existing state and local investments in extended foster care services. FCA allows states the option to change the definition of "child" in their IV-E plan to include eligible youth.[28] Once the definition is amended to include services for eligible older youth, the definition applies to all programs (foster care, adoption subsidy, custody assistance) the state adopts and implements. Thus, in order to leverage the IV-E funds now available for extended foster care services, Virginia will have to extend its adoption subsidy to age 21.[29]

[28] See Program Instruction, ACYF-CB-PI-10-11, issued July 9, 2010. U.S. Department of Health and Human Services, Administration on Children, Youth, and Families, Children's Bureau, Section A, page 2.

[29] Virginia does not currently provide custody assistance. However, if Virginia decides to implement custody assistance in the future, custody assistance would also have to be provided to eligible youth ages 18 to 21 should Virginia opt into extending eligibility to older youth ages 18 to 21.

As previously noted, this analysis uses two scenarios for projecting the fiscal impact of extending the adoption subsidy to older youth.

<u>Scenario I</u> assumes no change in the number of adoptions of older youth from what is already projected for the next five years based on recent historical patterns, which show an annual increase in the number of adoptions of older youth. Accordingly, under this scenario, from FY 2013 through FY 2017, the number of youth who will meet Title IV-E subsidy requirements is expected to increase from approximately 92 to 159. The cost of adoption subsidies for older youth will be shared between Commonwealth funds and federal Title IV-E reimbursement.

<u>Scenario II</u> assumes that extending adoption subsidies for youth beyond age 18 will create greater incentives for adoption of 16 to 18 year old foster youth. It assumes that the initial impact will be an additional five percent increase on top of the historical annual increase in the number of youth receiving adoption subsidy in FY 2013 through FY 2017.

The total costs, the projected IV-E revenue, and the state and local spending on extension of adoption subsidies to age 21 are shown in Figures 16 and 18. These costs and revenue estimates are based on the following assumptions: 1) adoption subsidies will be extended to age 21 for youth adopted at age 16 and over; and 2) the extension of adoption assistance to age 21 will only apply to new adoptions finalized in FY 2013 and after (or whenever Fostering Connections is implemented).

<u>Fiscal impact under Scenario I</u>

Under Scenario I, The Finance Project projects that because the Commonwealth does not currently provide adoption subsidies for youth who leave foster care to go to an adoptive family once the young person turns 18, opting to adopt and implement this FCA provision would create a new total cost of approximately $11.2 million over five years -- ranging from about $1.5 million in FY 2013 to about $3.3 million in FY 2017. Virginia will be eligible to receive approximately an additional $4.3 million in Title IV-E revenues for the maintenance, support and administrative costs related to providing adoption subsidies to older youth who are Title IV-E eligible, which represents about 38 percent of total costs.

- The *net cost to the Commonwealth* over five years is projected to be approximately $6.9 million -- ranging from approximately $930,000 in FY 2013 to approximately $2 million in FY 2017.
- Because localities do not contribute to adoption subsidies, there is no fiscal impact on localities of this FCA provision.

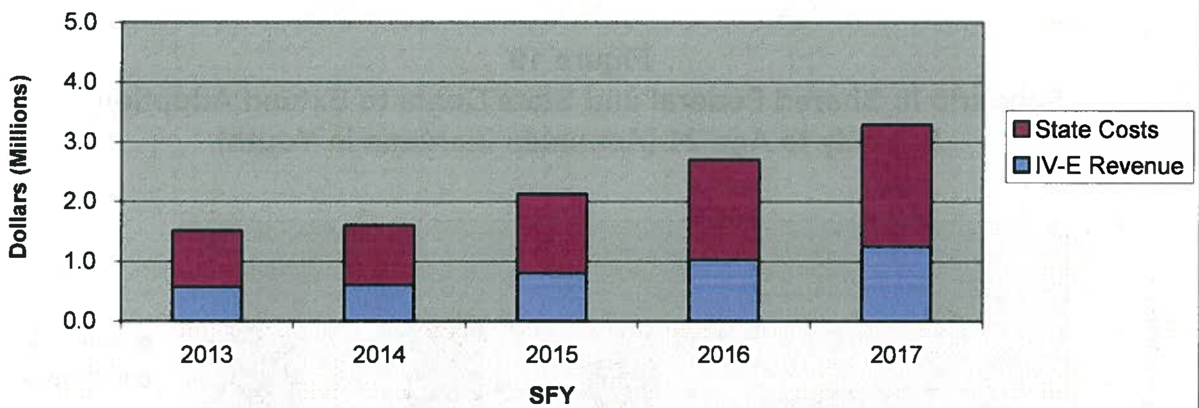
Figures 16 presents the total costs, population served, and the net costs or savings for the Commonwealth and localities under Scenario I. Costs and savings are presented by year, as well as the net costs and savings across the five years. Additionally, the percent of total costs are presented for the Commonwealth and localities.

Figure 16: Scenario I Net Total Costs and Savings: Adoption Subsidy

SCENARIO I	2013	2014	2015	2016	2017	Total[30]	Percent of Total Costs
Adoption Subsidy							
Total Costs	$1,507,887	$1,598,361	$2,117,828	$2,693,877	$3,283,836	$ 11,201,788	
Population Served	92	115	138	159	175		
Net Costs / Savings							
State	$930,329	986,148	$1,306,647	$1,662,055	$2,026,045	$6,911,223	62%
Local	$0	$0	$0	$0	$0	$0	0%
Total	**$930,329**	**$986,148**	**$1,306,647**	**$1,662,055**	**$2,026,045**	**$6,911,223**	

Figure 17 presents a breakout of federal and state costs to extend adoption subsidy to age 21.

Figure 17
Scenario I: Shared Federal and State Costs to Extend Adoption Subsidy to Age 21 (Assumes No Increase in Youth (Scenario I)



Fiscal impact under Scenario II
Under Scenario II, The Finance Project projects that the total costs of providing adoption subsidies over five years will increase to about $13.3 million -- ranging from $1.7 million in FY 2013 to about $4.2 million in FY 2017. Virginia will be eligible to receive approximately an additional $5.1 million in Title IV-E revenues for the maintenance, support and administrative costs related to providing adoption subsidies for older youth who are Title IV-E eligible. As under Scenario I, this represents approximately 38 percent of the total cost of extending adoption subsidies to an increased population of youth who are Title IV-E eligible.

- The *net cost to the Commonwealth* over five years is projected to be approximately $8.2 million -- ranging from about $1 million in FY 2013 to about $2.6 million in FY 2017.
- As under Scenario I, because localities do not contribute to adoption subsidies, there is no fiscal impact on localities of adopting this FCA provision.

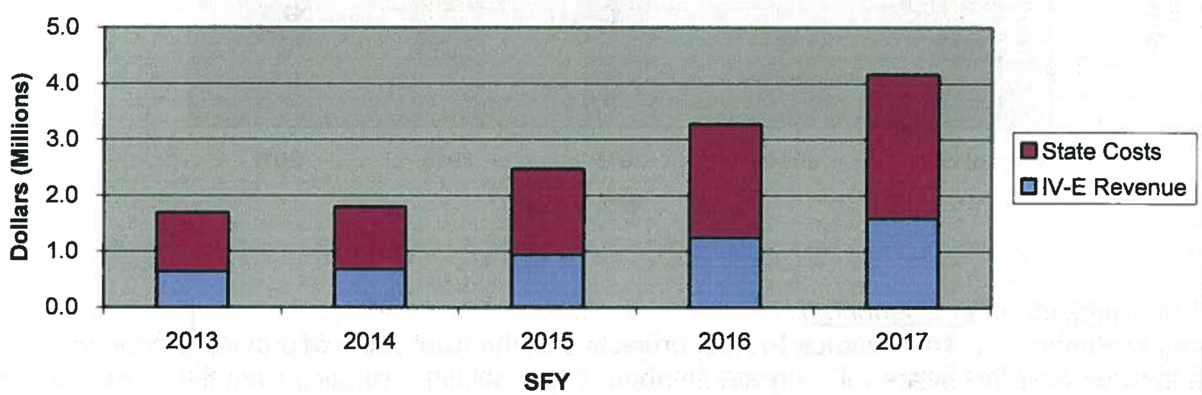
Figure 18 presents the total costs, population served, and the net costs or savings for the Commonwealth and localities under Scenario II. Costs and savings are presented by year, as well as the net costs and savings across the five years. Additionally, the percent of total costs are presented for the Commonwealth and localities.

Figure 18: Scenario II Net Total Costs and Savings: Adoption Subsidy

SCENARIO II	2013	2014	2015	2016	2017	Total	Percent of Total Costs
Adoption Subsidy							
Total Costs	$1,685,832	$1,786,982	$2,462,461	$3,262,760	$4,150,231	$13,348,265	
Population Served	103	134	167	201	231		
Net Costs / Savings							
State	$1,040,116	$1,102,523	$1,519,277	$2,013,041	$2,560,589	$8,235,546	62%
Local	$0	$0	$0	$0	$0	$0	0%
Total	**$1,040,116**	**$1,102,523**	**$1,519,277**	**$2,013,041**	**$2,560,589**	**$8,235,546**	

Figure 19 presents a breakout of federal and state costs to extend adoption subsidy to age 21.

Figure 19
Scenario II: Shared Federal and State Costs to Extend Adoption Subsidy to Age 21 (Assumes Increase in Youth)



Appendix C presents more detailed information on the shared federal, state, and local costs of extending adoption subsidies.

Fiscal impact of extending custody assistance subsidies to age 21

As previously noted, Virginia currently has no provision for custody assistance for children and youth of any age. However, state officials are considering implementing custody assistance at some time in the near future. Consequently, information from several recent DSS analyses was used to estimate the population of youth who are likely to exit care to a kinship guardianship arrangement and receive custody assistance after age 16.

One DSS study recently analyzed the impact of a proposed Commonwealth policy to expand custody assistance to youth placed with relatives.[31] This study initially looked at the number of children in relative foster care to estimate the number of children who might exit to a custody assistance placement. However, the authors noted that many of these children would not necessarily move into custody assistance placements. For purposes of developing an initial analysis the authors estimated that approximately 40 youth would exit to guardianship each year, and that 88 percent of those (35) would be between the ages of 12 and 17. The study estimated the maintenance payment would be $919 per month. The study also found that for children who enter foster care at older ages, in this case after age 12, subsidized custody assistance reduced the overall cost because the administrative savings that resulted from youth moving to less intensive case management compared to foster care services was greater than the cost of the subsidy.

For the purposes of this analysis, the Fostering Connections Work Group and The Finance Project staff also examined DSS data on the number of young people, ages 16 and 17, who were living in relative foster care placements between 2006 and 2011. On average, there were 59 children each year in these placements. Assuming that some percentage of these youth would not move into custody assistance placements for various reasons, 40 youth entering custody assistance each year represents a reasonable estimate. Accordingly, The Finance Project projects that the population of youth who exit foster care for placement with a family guardian will increase approximately five percent each year, with the number of youth accessing these subsidies increasing from 40 in FY 2013 to 61 in FY 2017.

The Finance Project analyzed the fiscal impact of providing custody assistance for Title IV-E eligible using two alternative scenarios:

> _Scenario I_ assumes that a total of 270 youth between the ages of 18 and 21 will receive custody assistance over the five year period, ranging from 40 in FY 2013 to 66 in FY 2017, and that the costs will be covered by the Commonwealth and federal Title IV-E funds.
>
> _Scenario II_ assumes that the same number of youth between the ages of 18 and 21 will receive custody assistance annually and over the five year period. It differs from Scenario I in that it also assumes that costs will be shared by the Commonwealth, localities and federal Title IV-E funds.

Fiscal impact under Scenario I

Figure 20 shows the fiscal impact of extending custody assistance for youth who exit foster care between the ages of 16 and 18 under Scenario I, assuming the cost is shared between the Commonwealth and the federal government. Because the Commonwealth does not currently provide custody assistance, opting to adopt and implement this FCA provision creates a new cost of approximately $3 million to the state over the five year period -- ranging from about $437,000 in FY 2013 to about $722,000 in FY 2017. Virginia will be eligible to receive approximately an additional $715,000 in Title IV-E revenues for the maintenance, support and administrative costs related to providing custody assistance for older youth who are Title IV-E eligible over five years, which represents approximately 24 percent of the total cost of providing custody assistance for older youth.

[31] Virginia Department of Social Services. (2009). Subsidized custody: A permanency option for youth in Virginia's foster care system.

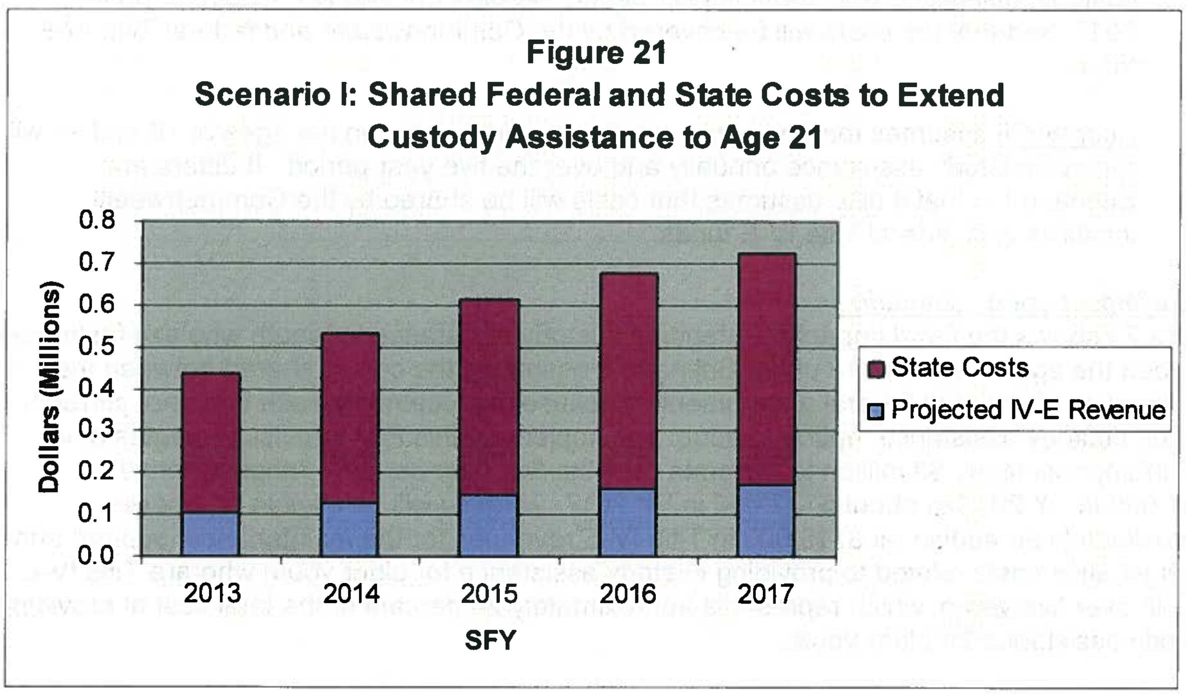
- The *net cost to the Commonwealth* is projected to be approximately $2.3 million over the five year period -- ranging from about $332,000 in FY 2013 to about $548,000 in FY 2017.
- Because under this scenario, localities would not contribute to providing custody assistance, there is *no fiscal impact on localities* of adopting this FCA provision.

Figure 20 presents the total costs, population served, and the net costs or savings for the Commonwealth and localities under Scenario I. Costs and savings are presented by year, as well as the net costs and savings across the five years. Additionally, the percent of total costs are presented for the Commonwealth and localities.

Figure 20: Scenario I Net Total Costs and Savings: Custody Assistance

SCENARIO I	2013	2014	2015	2016	2017	Total[32]	Percent of Total Costs
Custody Assistance							
Total Costs	$436,597	$534,064	$612,459	$674,267	$721,692	$2,979,079	
Population Served	40	48	56	61	66		
Net Costs / Savings							
State	$331,814	$405,889	$465,469	$512,443	$548,486	$2,264,100	76%
Local	$0	$0	$0	$0	$0	$0	0%
Total	**$331,814**	**$405,889**	**$465,469**	**$512,443**	**$548,486**	**$2,264,100**	

Figure 21 presents a breakout of federal and state costs to extend custody assistance to age 21.



Fiscal impact under Scenario II

Figure 22 shows the projected fiscal impact under Scenario II, which assumes a shared state, local, and federal cost. Under this scenario, the total costs of providing custody assistance to older youth who exit foster care between ages 16 and 18 and are placed in kinship guardianship will be the same as projected for Scenario I. Virginia will be eligible to receive the same amount of Title IV-E revenues for the maintenance, support and administrative costs related to providing custody assistance for older youth who are Title IV-E eligible as projected in Scenario I.

- *The net cost to the Commonwealth* is projected to be approximately $1.5 million over five years -- ranging from about $216,000 in FY 2013 to about $357,000 in FY 2017.
- The net cost to localities is estimated to be about $792,000 over five years -- ranging from about $116,000 in FY 2013 to about $192,000 in FY 2017.

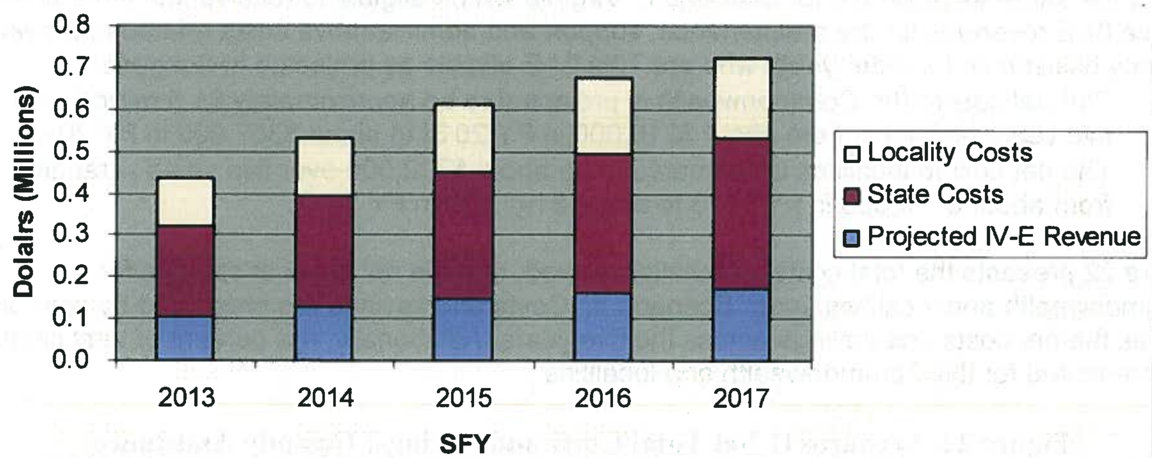
Figure 22 presents the total costs, population served, and the net costs or savings for the Commonwealth and localities under Scenario II. Costs and savings are presented by year, as well as the net costs and savings across the five years. Additionally, the percent of total costs are presented for the Commonwealth and localities.

Figure 22: Scenario II Net Total Costs and Savings: Custody Assistance

SCENARIO II	2013	2014	2015	2016	2017	Total	Percent of Total Costs
Custody Assistance							
Total Costs	$436,597	$534,064	$612,459	$674,267	$721,692	$2,979,079	
Population Served	40	48	56	61	66		
Net Costs / Savings							
State	$215,679	$263,828	$302,555	$333,088	$356,516	$1,471,665	49%
Local	$116,135	$142,061	$162,914	$179,355	$191,970	$792,435	27%
Total	**$331,814**	**$405,889**	**$465,469**	**$512,443**	**$548,486**	**$2,264,100**	

Figure 23 presents a breakout of federal, state, and local costs to extend custody assistance to age 21. Appendix C presents more detailed information on the shared federal, state, and local costs of extending custody assistance.

Figure 23
Scenario II: Shared Federal,State, and Local Costs to Extend Custody Assistance to Age 21

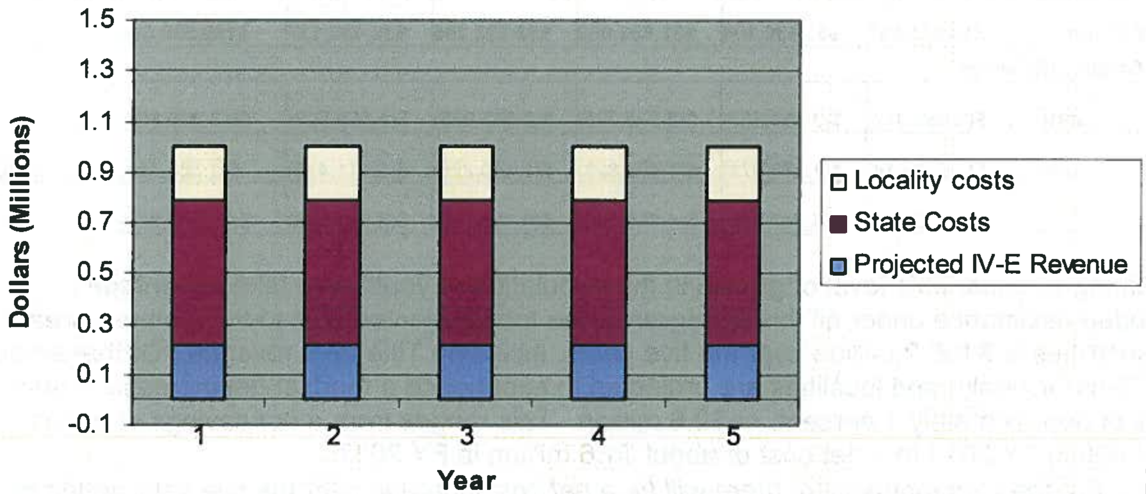


Fiscal impact of extending assistance to youth leaving the juvenile justice system
Under FCA, states have the flexibility to serve a broader population of older foster youth who may need additional support and services after they turn 18, including youth leaving the juvenile justice system. Based on the specifications for analysis determined by the Work Group, The Finance Project analyzed data provided by the Department of Juvenile Justice (DJJ) to look at the number of youth who were in foster care prior to entering the juvenile justice system and were released from a DJJ placement at age 18.

Figure 24 shows the total fiscal impact of allowing Virginia foster youth who were in foster care immediately prior to being moved to DJJ to receive extended IV-E services when they exit DJJ at age 18. Approximately 32 youth a year will be Title IV-E eligible. The total cost for each year would be approximately $3.6 million over five years -- averaging about $714,000 per year. Virginia will be eligible to receive Title IV-E reimbursement of approximately $780,000 over the period -- about $156,000 per year. The reimbursement will cover approximately 24 percent of the total costs.

- The *net cost to the Commonwealth* is projected to be about $409,000 per year, totaling about $2 million over five years.
- The *net cost to localities* is projected to be about $150,000 per year, totaling about $750,000 over five years.

Figure 24: Fiscal Impact of Including DJJ Youth in Extended Foster Care Supports and Services



For a detailed table of IV-E revenues, state costs, and local costs by year, see Appendix C.

Total fiscal impact for state and localities

As shown in the analysis of the individual program components, Virginia will realize a cost savings from extending foster care maintenance to older youth ages 18 to 21. If the Commonwealth extends adoption assistance and custody assistance for older youth there will be net costs to the Commonwealth for implementing both provisions and to localities for custody assistance, if the policy makers decide that localities will share the non-reimbursable portion of total costs.

Using the most conservative assumptions, if Virginia adopts the three FCA provisions for older youth and the number of youth who receive assistance does not increase beyond the current population projected to be served, the total cost to the Commonwealth and localities will be $166.9 million over five years, including Title IV-E revenue. Of that amount, the Commonwealth and localities are projected to save 12 percent of total costs, approximately $20.6 million. The savings are expected to range from $5.3 million in FY 2013 to $3 million in FY 2017.

- The *net savings to the Commonwealth* is projected to be about 13 percent of total costs or $13 million cost over the five year period -- ranging from of about $3.7 million in FY 2013 to about $1.6 million in FY 2017.
- The net savings to localities is expected to be about 22 percent of total costs over the period or about $7.6 million -- ranging from $1.7 million in FY 2013 to about $1.4 million in FY 2017.

Figure 25 presents costs, population served, net costs, and savings by year, as well as net costs and savings. Additionally, the percent of total costs are presented for the Commonwealth and localities.

Figure 25: Scenario I Net Total Costs and Savings

SCENARIO I	2013	2014	2015	2016	2017	Total	Percent of Total Costs
Total for Foster Care Support and Services, Adoption Subsidy, and Custody Assistance							
Total Costs	$35,812,957	$33,630,104	$32,653,082	$32,393,255	$32,450,137	$166,939,534	
Net Costs / (Savings)							
State	$(3,659,012)	$(3,184,637)	$(2,575,725)	$(2,042,908)	$(1,558,527)	$(13,020,809)	-13%
Local	$(1,680,614)	$(1,562,971)	$(1,484,823)	$(1,440,278)	$(1,411,472)	$(7,580,158)	-22%
Total	$(5,339,627)	$(4,747,608)	$(4,060,548)	$(3,483,186)	$(2,969,999)	$(20,600,968)	-12%

Assuming a reasonable level of growth in the population of youth who take advantage of extended assistance under all three programs, the total projected cost to the Commonwealth and localities is $196.2 million over the five years, including Title IV-E revenue. Of that amount, the Commonwealth and localities are projected to experience a modest net increase in total costs of approximately 1 percent, or $2.6 million. This ranges from a net savings of about $383,000 in FY 2013 to a net cost of about $1.6 million in FY 2017.

- *For the Commonwealth, there will be a net cost increase* over the five year period of about $3.4 million or about 3 percent of total costs for all three programs. This ranges from a net savings of about $151,000 in FY 2013 to a net cost of about $1.7 million in FY 2017.
- *For localities there will be a net savings* of about 2 percent of total costs or approximately $776,000 over the five year period -- ranging from $232,000 in FY 2013 to about $100,000 in FY 2017.

Figure 26 presents costs, population served, and net costs and savings by year, as well as net costs and savings. Additionally, the percent of total costs are presented for the Commonwealth and localities.

Figure 26: Scenario II Net Total Costs and Savings

SCENARIO II	2013	2014	2015	2016	2017	Total	Percent of Total Costs
Total for Foster Care Support and Services, Adoption Subsidy, and Custody Assistance							
Total Costs	$42,003,154	$39,410,120	$38,309,540	$38,114,609	$38,365,953	$196,203,376	
Net Costs / (Savings)							
State	$(151,144)	$57,897	$578,800	$1,140,389	$1,735,480	$3,361,422	3%
Local	$(231,522)	$(181,260)	$(144,241)	$(118,585)	$(100,011)	$(775,620)	-2%
Total	$(382,666)	$(123,363)	$434,559	$1,021,804	$1,635,468	$2,585,802	1%

The Finance Project fiscal impact analysis demonstrates that under either scenario, Virginia fares well. Using conservative assumptions about the impact of implementing the FCA older youth provisions, the Commonwealth will recover an additional $34.8 million in Title IV-E revenue over the five year period to offset approximately 21 percent of total costs(see Figure 30). Applying assumptions that provide for a reasonable level of growth in the population who take advantage of extended assistance under the three programs, the total projected additional Title IV-E revenue coming to Virginia is expected to be approximately $40.9 million. Under this scenario the Commonwealth will experience a very modest increase in its total share of costs once the additional revenue is factored in, but the Commonwealth will extend support and services to an additional 985 Title IV-E youth ages 18 to 21. As Virginia policy makers and agency officials consider whether to adopt and implement the older youth provisions of the Fostering Connections Act, The Finance Project staff believes these alternative scenarios represent a realistic range for net cost/savings projections over the five years. Figures 27 through 30 present the summary fiscal impact across scenarios over the five years.

Figure 27: Summary Fiscal Impact Across Scenarios, FY 2013 - 2017[33]
Foster Care Support and Services

	No Fostering Connections Scenario	Scenario I: Assume No Increase in Youth	Scenario II: Assume Increase in Youth
Extending Foster Care Support and Services			
Total Costs	**$152,758,667**	**$152,758,667**	**$179,876,032**
Title IV-E Revenues	$0	$29,776,291	$35,031,209
State Costs	$111,026,322	$88,830,189	$104,680,533
Locality Costs	$41,732,345	$34,152,186	$40,164,290
Net Costs/Savings to State	$0	$(22,196,133)	$(6,345,789)
Net Cost/Savings to Locality	$0	$(7,580,158)	$(1,568,055)
Net Cost/Savings to State and Localities Combined	$0	$(29,776,291)	$(7,913,844)
Per Child Costs	$26,203	$26,203	$26,397

[33] Figure 27 highlights the net summary fiscal impact. For summary fiscal impacts by year for FY 2013-2017, please see Appendix F.

Figure 28: Summary Fiscal Impact Across Scenarios, FY 2013 – 2017 Adoption Subsidy

	No Fostering Connections Scenario	Scenario I: Assume No Increase in Youth	Scenario II: Assume Increase in Youth
Extending Adoption Subsidy			
Total Costs	**$0**	**$11,201,788**	**$13,348,265**
Title IV-E Revenues	$0	$4,290,565	$5,112,719
State Costs	$0	$6,911,223	$8,235,546
Locality Costs	$0	$0	$0
Net Costs/Savings to State	$0	$6,911,223	$8,235,546
Net Cost/Savings to Locality	$0	$0	$0
Net Cost/Savings to State and Localities Combined	$0	$6,911,223	$8,235,546
Per Child Costs	$0	$16,393	$16,393

Figure 29: Summary Fiscal Impact Across Scenarios, FY 2013 – 2017 Custody Assistance

	No Fostering Connections Scenario	Scenario I: Assume No Increase in Youth	Scenario II: Assume Increase in Youth
Extending Custody Assistance			
Total Costs	**$0**	**$2,979,079**	**$2,979,079**
Title IV-E Revenues	$0	$714,979	$714,979
State Costs	$0	$2,264,100	$1,471,665
Locality Costs	$0	$0	$792,435
Net Costs/Savings to State	$0	$2,264,100	$1,471,665
Net Cost/Savings to Locality	$0	$0	$792,435
Net Cost/Savings to State and Localities Combined	$0	$2,264,100	$2,264,100
Per Child Costs	$0	$11,016	$11,016

Figure 30: Summary Fiscal Impact Across Scenarios, FY 2013 – 2017
Foster Care Support and Services, Adoption Subsidy, and Custody Assistance

	No Fostering Connections Scenario	Scenario I: Assume No Increase in Youth	Scenario II: Assume Increase in Youth
Total for Foster Care Support and Services, Adoption Subsidy, and Custody Assistance			
Total Costs	**$152,758,667**	**$166,939,534**	**$196,203,376**
Title IV-E Revenues	$0	$34,781,835	$40,858,907
State Costs	$111,026,322	$98,005,512	$114,387,744
Locality Costs	$41,732,345	$34,152,186	$40,956,725
Net Costs/Savings to State	$0	($13,020,810)	$3,361,422
Net Cost/Savings to Locality	$0	($7,580,158)	($775,620)
Net Cost/Savings to State and Localities Combined	$0	($20,600,968)	$2,585,802

Appendix E presents more detailed information on the fiscal impact across scenarios for FY 2013 to FY 2017.

Additional detail and explanation of the analysis are provided in Appendix F as they relate to Scenarios I and II for extended foster care maintenance, adoption subsidies and custody assistance[34].

Other Potential Fiscal Impact

Beyond the fiscal impact that Virginia is projected to realize from Title IV-E reimbursements, there are other potential financial effects on the Commonwealth budget of extending benefits to older youth. These were well beyond the scope of the current analysis, but should be examined in order to gain a complete picture of the fiscal impact of opting into the older youth provisions of Fostering Connections. Three of the most likely potential impacts include:

- *Medicaid* -- According to the Centers for Medicaid and CHIP Services, under Fostering Connections, in states that extend care to 21, young people who opt to receive foster care services will be categorically eligible for Medicaid while they receive foster care services. (ACYF-CB-PI-10-11). Also, in 2014, youth who have aged-out of the foster care system and had previously received Medicaid while in foster care will remain eligible for the full scope of Medicaid benefits until they turn age 26 under the Affordable Care Act. [35]
- *CSA services costs* –The CSA "community-based services" cost category captures service costs for all CSA youth and families including those who are in foster care, education, juvenile justice and all other youth and families receiving services. Because the cost of services could not be isolated for youth in foster care, they were not included in calculating the average "service" cost used in this study ($5,113). This suggests that the average cost of services used in this study is likely underestimated but to what

[34] Virginia currently does not provide custody assistance.
[35] Center for Medicaid and CHIP Services (CMCS). Affordable Care Act provisions: Eligibility. http://www.medicaid.gov/AffordableCareAct/Provisions/Eligibility.html

degree is unknown. However, the fiscal impact of the average service cost (even if higher than $5,113) is non-existent when considering Scenario I due to the fact that scenario I assumes that Virginia will extend foster care support and services to youth ages 18 to 21 without any change in the number of older youth currently served. For Scenario II, an increase of up to 200 youth is projected which could result in a greater fiscal impact for services through CSA if the increased projection of youth receiving services were realized. Any further analysis of the fiscal impact to CSA would require Virginia to be able to extract services data from the CSA "community-based services" category and should consider the fact that the type of placements for youth over age 18 changes to an increased reliance on less expensive independent living situations as opposed to foster family homes, residential placements or group homes (see Figure 6 and Appendix B for more detail).

- _Court costs_ – Should Virginia opt in to extending benefits to older youth, a yearly permanency hearing will be required. Permanency reviews are part of the ongoing routines of the Juvenile and Domestic Relations Court and can likely be absorbed within current resources. Court-appointed counsel will need to be provided to youth for the yearly permanency hearing at an estimated cost of $120 per review hearing (case).
- Based on the projected number of older youth, the cost of court-appointed counsel for permanency hearings in FY 2013 is estimated to be approximately $210,000, decreasing to approximately $173,000 in FY 2017.
- _Other costs avoided or saved_ -- Research shows that youth who achieve permanency, and who receive additional supports and services beyond age 18 have a higher probability of experiencing positive outcomes ranging from increased education levels to higher annual incomes. Additionally, these same youth may avoid outcomes that entail additional social costs, such as incarceration or the need for supplemental income supports, such as those provided through Temporary Assistance for Needy Families (TANF).[36] Research shows that foster youth who receive extended services are twice as likely to complete at least one year of college than those who age out at 18. Furthermore, former foster youth with a bachelor's degree earn, on average, nearly half a million dollars more over their lifetime than foster youth who obtain a high school diploma or less education. For every dollar spent on foster care after age 18, a youth receives nearly two dollars in increased earnings as a result of increased obtainment of a bachelor's degree[37]. The long term economic impact of these outcomes can be

[36] Courtney, M. (2005). Youth aging out of foster care. Network on Transitions to Adulthood Policy Brief, 19. Philadelphia, PA: Research Network on Transitions to Adulthood and Public Policy. Retrieved from http://www.transad.pop.upenn.edu/downloads/courtney--foster%20care.pdf
Courtney, M.E., Dworsky, A., Gretchen, R., Keller, T. & Havlicek, J. (2005). Midwest evaluation of the adult functioning of former foster youth: Outcomes at age 19. Chicago, IL: Chapin Hall at the University of Chicago. Retrieved from http://wispolitics.com/1006/Chapin_Hall_Executive_Summary.pdf
Courtney, M.E., Dworsky, A., Lee, J.S., & Raap, M. (2010). Midwest evaluation of the adult functioning of former foster youth: Outcomes at ages 23 and 24. Chicago, IL: Chapin Hall at the University of Chicago. Retrieved from http://www.chapinhall.org/sites/default/files/Midwest_Study_Age_23_24.pdf 12
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Peters, C.M., Dworsky, A., Courtney, M.E., & Pollack, H. (2009). Extending foster care to age 21: Weighing the costs to government against the benefits to youth. Chicago, IL: Chapin Hall at the University of Chicago. Retrieved from http://www.chapinhall.org/sites/default/files/publications/Issue_Brief%2006_23_09.pdf
Stein, M. (ed. Ariyakulkan, L.). (June 2012). Information packet. Extending foster care beyond 18: Improving outcomes for older youth. New York, NY: National Resource
[37] Peters, C.M., Dworsky, A., Courtney, M.E., & Pollack, H. (2009). Extending foster care to age 21: Weighing the costs to government against the benefits to youth. Chicago, IL: Chapin Hall at the University of Chicago. Retrieved from http://www.chapinhall.org/sites/default/files/publications/Issue_Brief%2006_23_09.pdf

significant. But to clearly and realistically project this type of fiscal impact requires a rigorous social return on investment analysis that was well beyond the scope of this study.

SECTION VI: IMPLICATIONS FOR POLICY REFORM AND ADMINISTRATION

Should state leaders decide to extend Title IV-E assistance to Virginia youth aged 18 to 21, they will need to consider a number of statutory, administrative, and budgetary actions, which are highlighted here. Please note that the following discussion presents key implications of the Commonwealth opting into the older youth provisions of Fostering Connections Act. However these statements do not represent policy or funding recommendations by The Finance Project staff or the Fostering Connections Work Group.

Statutory Review

Federal guidance was issued in 2010 to provide information on the provisions of IV-E as a result of the amendments to FCA. Based on this most recent guidance, state leaders in Virginia will need to take account of the following provisions, if they decide to extend IV-E benefits to older youth.

Definition of a child

State leaders should review statutory language concerning the definition of a child for purposes of extending support and services to youth ages 18 to 21 for IV-E foster care, adoption subsidies and, if applicable, custody assistance programs:

- *A title IV-E agency may exercise the option in section 475(8)(B) of the Act to adopt a definition of "child" for the title IV-E program that will allow it to provide foster care, adoption and, if applicable, guardianship assistance for eligible youth up to 21 years of age"*[38]

To extend IV-E benefits, policymakers will need to define older youth as eligible to receive maintenance support, services and case management, in Virginia's IV-E plan without changing their status as legal adults who are no longer dependents of the Commonwealth of Virginia. State leaders will need to review language in the Code of Virginia and the Virginia Administrative Code to ensure there is no conflict with changing the definition of child in the IV-E plan. Changes to the definition of child for the purpose of extending foster care service to age 21 will also need to address how such changes will impact CSA. Because Virginia has established that youth may be found eligible for foster care services other than through a foster care placement by a LDSS (e.g., youth determined eligible as a "Child in Need of Services" (CHINS) by a local family assessment and planning team), any change to foster care statute must consider the impact upon these other populations.

Several other states have addressed this issue in the following ways:

- *Pennsylvania* – Act 91 amended and expanded the definition of a child in the Juvenile Act at 42 Pa. C.S.A. §6302.

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[38] ACYF-CB-PI-10-11

- *Washington* – WA SB 5245 (companion bill to HB 1128) (proposed legislation) *"Child," ((and)) "juvenile," and "youth" means: (a) Any individual under the age of eighteen years; or (b) Any individual age eighteen to nineteen years who is eligible to receive and who elects to receive the extended foster care services 20 authorized under RCW 74.13.031.*
- *North Dakota* – Senate Bill No. 2192 expands the definition of child for the specific statutory section on services to older youth that meet eligibility conditions: *"For purposes of this section, 'child' means an individual between the ages of eighteen and twenty-one years who is in the need of continued foster care services."*

Rationale for limiting eligibility
Should Virginia decide to extend eligibility for IV-E benefits to ages 19 or 20 only, a programmatic or practice rationale will be required to explain why services are not being extended to age 21.

Eligibility requirements
To be eligible for IV-E reimbursement, older youth are required to meet three key criteria: 1) Title IV-E program participation, 2) age, 3) educational or employment conditions. In particular, state leaders will need to reach agreement on which of the five educational and/or employment conditions they will include in state policy. Likewise, they will need to specify *how* youth will be determined to meet the conditions and how the state will verify or obtain assurance that the youth continues to meet the conditions. The state has discretion in this area as long as its requirements are consistent with federal law. Virginia leaders will need to consider how to reflect in their title IV-E plan that eligible youth will be required to meet the Title IV-E program participation, age, and educational or employment conditions.

Several other states have addressed this issue in the following ways:

- *Pennsylvania* – Act 91 expanded and clarified criteria for staying in care. Prior to passage of Act 91, youth who were in "treatment" or "instruction" could remain eligible for extended benefits after age 18, however, counties interpreted these terms differently and some eligible youth were denied services. Act 91 clarified who could receive extended services, and added youth working at least 80 hours per month.
- *California* – AB12 four basic eligibility requirements for a youth to continue to receive support after the age of 18 under AB 12. The youth must (1) sign a mutual agreement with the local child welfare or probation agency or tribe that has a IV - E agreement with the state for supervision and support; (2) continue under the supervision of the juvenile court as a dependent or a ward; (3) meet one of the five participation conditions; and (4) agree to live in a supervised placement that is licensed or approved under new standards for 18 to 21 year olds.
- *North Dakota* -- Senate Bill No. 2192 states that youth must meet education or work conditions outlined in the Fostering Connections Act.

Meet "removal from home" and "placement and care" criteria
Virginia officials will need to specify mechanisms to meet the "removal from home" and "placement and care" criteria for older youth as specified in ACYF-CB-PI-10-11:

- Removal from home
    - Court-ordered removal prior to age 18
    - Voluntary placement agreement prior to age 18

- Court-ordered removal after attaining age 18
    - Voluntary placement agreement after attaining age 18
    - Trial independence and breaks in foster care
- Placement and care
    - Written authorization prior to age 18
    - Voluntary placement agreement after attaining age 18
    - Court orders after attaining age 18

Court jurisdiction and welfare supervision
Under the older youth provisions of FCA, all Title IV-E requirements for case management and supervision apply to youth receiving extended benefits who are older than 18. Accordingly, Virginia state leaders will need to ensure court jurisdiction and child welfare supervision for youth receiving extended benefits from ages 18 to 21 and determine if statutory changes are necessary to do so. Current statutory language will need to be reviewed to determine if it permits court involvement and provides discretion for judges to make court orders up to age 21 for older youth who continue to receive foster care services past age 18.

Several other states have addressed this issue in the following ways:

- *California* -- After age 18, AB 12 uses the term "nonminor dependents" to refer to youth who remain under the jurisdiction of the court. Youth have a six-month review hearing in court or through an administrative review process. Under AB 12, youth who elect to participate in extended foster care must sign a mutual agreement with the local child welfare or probation agency or tribe, which has a Title IV-E agreement with the state, to accept supervision and support

Reentry
Virginia may want to review its current re-entry mechanisms for youth over age 18. Fostering Connections does not specify mechanisms for re-entry to foster care services. Currently, Virginia allows youth who discontinue independent livings services after age 18 to resume services, at the youth's request, before age 21. Currently, eligible youth must enter into a written agreement with the child placing agency within sixty days of discontinuation of services (Code of Virginia §63.2-905.1)[39] Should Virginia amend its policy for re-entry to allow eligible youth to resume services after more than sixty days after discontinuation of services, potentially greater numbers of eligible youth will receive services.

Child welfare licensing
Virginia officials will need to undertake a child welfare licensing review to ensure that Commonwealth licensing provisions are consistent and compliant with federal guidance, which states:

> *In order for the title IV-E agency to provide title IV-E foster care maintenance payments, an otherwise eligible child age 18 or older must be placed in a licensed foster family home, child-care institution, or a supervised setting in which the individual is living independently per section 472(c)(2) of the Act. The title IV-E requirements for foster family homes and child care institutions apply if a youth age 18 or older is placed in such a setting, including provisions for licensure or approval, background checks and safety considerations (see sections 471(a)(10) and 471(a)(20)(A) and (B) of the Act and 45 CFR 1355.20 and 1356.30).* (ACYF-CB-PI-20-11)

[39] Virginia Department of Social Services (2011). Child and Family Services Manual. Section 14: Serving Older Youth.

A title IV-E agency has the discretion to develop a range of supervised independent living settings which can be reasonably interpreted as consistent with the law, including whether or not such settings need to be licensed and any safety protocols that may be needed. (ACYF-CB-PI-20-11)[40]

The Finance Project interviewed staff within the Virginia Department of Social Services to identify implications for current laws and regulations in the Code of Virginia and the Virginia Administrative Code. Licensing and safety protocols for supervised independent living are left to state discretion. However, for youth to continue in settings other than independent living, those settings must adhere to Title IV-E requirements in order to be eligible for federal reimbursement. The following areas warrant particular attention:

- *Code of Virginia*
  - Code of Virginia 63.2-100 -- Definitions
    - Most definitions address only child or children, see "child-placing agency", "Children's residential facility", "foster care placement", "foster home", and "independent living services" "Child-placing agency" would need to be changed to include youth ages 18 to 21 for arrangement other than independent living. "Independent living services" currently specifies that the youth be in foster care prior to his/her 18th birthday.
  - Code of Virginia 62.2-1817. *Acceptance and control over children by licensed child-placing agency, children's residential facility or independent foster home.* This section may need to be revised to include ages 18 to 21. This section addresses only child or children.
  - *Code of Virginia 63.2-1819.* Where child-placing agencies may place children. This section may need to be revised to include 18 to 21 year olds. This section addresses only child or children.
- Virginia Administrative Code
  - *22 Virginia Administrative Code 40-15. Standards for Licensed Children's Residential Facilities.* The regulation and guidance would need to be reviewed to make sure each use of the term "child" or "children" is used intentionally and the requirement is only applicable to person less than 18 years of age.
  - *22 VAC 40-131. Standards for Licensed Child-placing Agencies* The regulation and guidance would need to be reviewed to make sure each use of the term "child" or "children" is used intentionally and the requirement is only applicable to persons less than 18 years of age. The definition of youth will need to be evaluated to determine if it is broad enough to include all youth who would be served under FCA.
  - *22VAC 40-211. Local Department of Social Services.* Resource, Foster And Adoptive Family Home Approval Standards would need to be reviewed.
  - *22 VAC 40-191. Background Checks for Child Welfare Agencies.* This regulation currently considers youth ages 18- to 21 residing in foster homes while receiving foster care services as adult household members. These youth must complete background checks. The inability for a home to be approved for foster care or adoption if a household member has a barrier crime may be a barrier to placing youth ages 18 to 21 for arrangements. State leaders may want to discuss

[40] ACYF-CB-PI-10-11

providing exceptions in licensing requirements for older youth. For example, California considers older youth who remain or return to foster care services to be clients and, therefore, not required to have a criminal background clearance, with some exceptions[41].

Administrative Review

In addition to implications that will affect legislative policy language, FCA contains a number of administrative requirements that may have implications for practice.

Additional permanency plan and case review requirements.

Child welfare agencies with jurisdiction are required to ensure that:

- A judicial determination is made every 12 months to ensure that the agency is making reasonable efforts to finalize a permanency plan for each older youth who continues to receive IV-E benefits;
- A case review must be conducted at least once every six months for all Title IV-E eligible youth receiving supports and services. All case reviews must be developmentally-appropriate.

Complying with these requirements will involve additional administrative time and resources, including time spent by case workers to document and prepare material to show compliance with the requirements and time spent in judicial determinations and case reviews.

Caseworkers will be required to meet monthly face-to-face with youth.

Currently monthly check-ins may be conducted by phone or e-mail and face-to-face visits are required only every three months. This will entail additional hours for caseworkers for travel, preparation, and visit time.

Requirements to cover the costs of the child of a parent receiving foster care services will be extended to include the children of eligible older youth ages 18 to 21 who live in a foster family home, child care institution or supervised independent living setting.

The child of the parent in foster care will also be categorically eligible for Medicaid.

Data and Reporting

If Virginia extends foster care support and services, it must collect and report data to the Adoption and Foster Care Analysis and Reporting System (AFCARS) on all youth age 18 and older receiving Title IV-E foster care maintenance payments. Additionally, youth over 18 who are receiving a title IV-E foster care maintenance payment must be reported in the National Youth in Transition Database. These youth must be considered to be in foster care for reporting purposes.

CONCLUSION

[41] Exceptions include children's residential community care facilities that are dually licensed as a Family Child Care Home and older youth who return to foster care services after a period of trial independence and are placed in a home where a minor dependent resides. For more information, access California Department of Social Services All County Information Notice No. 1-40-11 at http://www.dss.cahwnet.gov/lettersnotices/entres/getinfo/acin/2011/I-40_11.pdf

With the passage of the *Fostering Connections to Success and Increasing Adoptions Act*, Virginia has an important opportunity to improve outcomes for older youth in foster care. As research confirms, permanency pays significant dividends for youth ages 18 to 21. If Virginia policy makers adopt a policy allowing young people to continue to receive assistance until age 21 -- an option that will be much less of a financial burden on the Commonwealth and localities because of FCA -- the potential benefits to foster youth and society will likely more than offset the costs to young people and to government. This analysis is intended to assist Virginia leaders as they consider how best to provide supports and services to this particularly vulnerable population and the costs and revenues associated with the programmatic assumptions. Although the Commonwealth faces a challenging fiscal environment, The Finance Project's analysis shows clearly that relatively modest investments in this population of young people have the potential to yield significant and positive long-term benefits.

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Cheryl D. Hayes, President and CEO of The Finance Project, provided overall intellectual guidance for the fiscal impact analysis and took the lead in drafting this report. Torey Silloway, Program Manager for Research and Consulting, managed this project on a day-to-day basis and took the lead on the data analysis. Melissa Dahlin, Program Associate, assisted in all aspects of background research, data collection, analysis, and report drafting.

Appendix A: Work Group Members

The Virginia Senate Committee on Rehabilitation and Social Services requested that officials in the Virginia Department of Social Services (VDSS) commission a fiscal analysis to assess the impact of extending Title IV-E assistance to youth aged 18 to 21 in the Commonwealth. Accordingly, at the request of DSS officials, The Finance Project staff undertook a series of data collection, analysis, and facilitation activities aimed at helping the Virginia DSS project the net fiscal impact of extending Title IV-E services statewide.

A Work Group of state, locality, and community representatives provided input on the initial design parameters and feedback on the draft analysis. In order to complete this work, the Taskforce held several in-person meetings between June 2012 and September 2012. This appendix lists the Work Group Members by organization.

Chesterfield County
Michael Chernau

Chesterfield-Colonial Heights Department of Social Services
Erin Dangerfield

Comprehensive Services for At-Risk Youth and Families (CSA)
Charles Savage

City of Chesapeake Department of Social Services
Gloria Wright

City of Roanoke Department of Social Services
Robin Royer

Fairfax County Department of Family Services
Chauncey Strong

Hanover County Department of Social Services
Judy H. Davis

Tazewell County Department of Social Services
Sheri Hale

Wise County Department of Social Services
Jeannie Mullins

FACES of Virginia Families
Cate Newbanks

Foster Care Alumni of America, Virginia Chapter

Brandy Hudson

National Board of the Foster Family-Based Treatment Association
Marianne Werth

National Counseling Group, Inc.
Christie L. Blaylock

Supreme Court of Virginia
Lelia Baum Hopper

Virginia Coalition of Private Provider Associates
Shaneen Alvarez
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Charles Laslie

Virginia Department of Education
Marianne Moore
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Virginia Department of Juvenile Justice
Ashaki McNeil
Deron Phipps
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Virginia Department of Medical Assistance Services
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Sondra Draper
Robin Ely
Renee Garnett
Michael Gump
TishaunHarris Ugworji
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Alex Kamberis
Lyndell Lewis
Sharon Lindsay
Letha Moore-Jones

Em Parente
Phyl Parrish
Patrick Plourde
Sharyn Robins
Therese Wolf

Virginia Law Poverty Center
Christie Marra

Voices for Virginia's Children
Amy Woolard

UMFS Project LIFE
Jackie Cowan

Wise County DSS
Jeannie Mullins

Youth Representative
Sophia Booker

The Finance Project Staff
Cheryl Hayes
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APPENDIX B: COST ASSUMPTIONS

Cost Assumptions: Extension Options Under Fostering Connections

Estimating Total Youth Receiving Services
TFP used data on the total number of youth at ages 18, 19, and 20 during the fiscal year. Youth may have been receiving services any period of time. This data is not the same as monthly census count data, which shows the number of youth who receive services at any given time.

	Historical Data for Youth Receiving Services, ages 18 to 21					
Youth Receiving Services by Age	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
# of youth who have turned 18 each year and continue to receive services	965	1,008	1,070	1,042	917	794
# of youth who have turned 19 each year and continue to receive services	358	354	421	447	485	413
# of youth who have turned 20 each year and continue to receive services	190	185	191	248	270	296

Estimating the Number of Youth Receiving Services to Age 21
TFP looked at 5 years of trend data on the number of youth who receive services, at each age, 18, 19, and 20 and used that data to project the number of youth who would continue to receive foster care services between 2013 – 2017. In Virginia, the total number of older foster youth (i.e., 17 year olds) in care has declined steadily since 2007, by an average of nine percent per year. During the same period, the number of 18 year olds in care has also declined by 9 percent per year on average. In 2011, just under 800 youth turned 18 and continued to receive foster care services for at least some period of time.

Number of Youth Who Turn Age 17 and Age 18 in Foster Care

	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**Total 2006 to 2011**	**Annual Percent Change**
Number of youth	1109	1173	1137	1002	878	774	6,073	- 9 %

who turned 17 in foster care							
Number of youth who turned 18 in foster care and continued to receive services	965	1,008	1,070	1,042	917	794	5,796 - 9 %

Project the number of youth turning 18 while receiving foster care services

	2013	2014	2015	2016	2017
Scenario 1: Extend Services to 21 (Assume No Increase in Youth)					
18 year old	723	672	638	619	607
19 year old	354	329	313	303	297
20 year old	216	201	191	185	181
Total 18-21 year old	**1,293**	**1,202**	**1,142**	**1,108**	**1,086**
Scenario 2: Extend Services to 21 (Assume Increase in Youth)					
18 year old	737	685	651	632	619
19 year old	442	411	391	379	371
20 year old	332	308	293	284	279
Total 18-21 year old	**1,511**	**1,405**	**1,335**	**1,295**	**1,269**

Expected placements for Title IV-E eligible older youth

In general, as youth get older, their rate of placement in foster homes or congregate care facilities declines and their rate of placement in some form of supervised independent living arrangement increases as shown below, which presents the average percent of placements by year of age over the past five years. The Finance Project used this data to project the types of services youth would receive if Virginia opted in to FCA.

Historical Placement of Older Youth, By Age

	17 year old	18 year old	19 year old	20 year old	Notes
Foster Home	50%	43%	37%	31%	Includes Relative Foster Care, Non Relative Foster Care, &Treatment Foster Care
Group Home	13%	17%	11%	6%	--
Residential	20%	22%	9%	5%	--
Supervised Independent Living	3%	16%	35%	51%	Includes all Independent Living settings and services
Other	14%	2%	8%	7%	Includes run aways, trial home visits,& youth where placement data is not available

Estimating the Total Number of Adoptions and Custody Assistance with Extension of Adoption and Custody Assistance to Age 21

- Calculated the historical trend in adoptions in terms of what percent of those served ages 16 - 17 were adopted and received adoption subsidy in 2006 – 2011. The average monthly adoption subsidy payment in 2011 was $1,147. The five-year annual increase in adoption subsidy payments is 6%. The average IV-E Penetration Rate for adoption subsidy is 77% and the FMAP rate is 50%. VADSS was unable to provide a breakout of between maintenance and enhanced maintenance payments or non-recurring payments.

Youth Adopted After Age 16 Who Will Qualify for Adoption Subsidy

	2013	2014	2015	2016	2017
Scenario 1: Extend Care to 21 (Assume No Impact from Fostering Connections)					
Ages 18-21	92	115	138	159	175
Scenario 2: Extend Care to 21 (Assume Impact from Fostering Connections)					
Ages 18-21	103	134	167	201	231

Estimating Services and Placement Setting Costs
TFP used CSA data on monthly costs of placement settings as follows:

Placements	Age	Average Monthly Costs (Includes Service and Maintenance)
Non-relative Foster Care	18	$664
	19	$644
	20	$644
Therapeutic Foster Care	18	$3,569
	19	$3,995
	20	$3,995
Residential Care / Institutions	18	$3,468
	19	$4,127
	20	$3,468
Group Homes	18	$3,600
	19	$4,897
	20	$3,600
Supervised Independent Living[42]	18	$1,825
	19	$1,825
	20	$1,825

Estimating the average maintenance cost
DSS and CSA worked together to develop an average annual maintenance cost, which is adjusted for older youth. This maintenance cost is used throughout all of the calculations as the portion of cost that is reimbursable for Title IV-E maintenance.

- Average Annual Maintenance Cost - $13,566
- Average Monthly Maintenance Cost - $1,130

Estimating length of stay to determine the cost of services
To determine the cost of services provided to youth, TFP reviewed 3 years of CSA data on expenditures for youth, ages 18 to 21, by service type. CSA data does not provide a per child

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[42] Supervised Independent Living Placements include:

- *College Dormitory* – Young person resides in a college dormitory.
- *Semi-supervised (scattered-site) apartments* - Young person lives alone or with a roommate in an individual apartment, usually rented from a private landlord, to practice living independently.
- *Supervised apartments (cluster apartments)* - Young people live in their own apartments (or with a roommate) with live-in or overnight staff in the same building.
- *Boarding homes* - Young people have individual rooms in a facility, often with shared bath and kitchen facilities, generally with minimal supervision. Can be run by an organization, such as the YMCA, or be a house opened to one or more boarders.
- *Shared homes* - Young people share a minimally supervised house owned or rented by a child welfare agency and take full responsibility for the house and personal affairs. May or may not have live-in adults. Agency provides structured group activities for learning how to live independently.
- *Host homes* - Young people rent a room in a family or single adult's home, sharing basic facilities and agreeing to rules while being largely responsible for themselves.
- *Adult roommates* - Young people share a house or an apartment with an adult mentor or roommate who provides support and assistance to the young person.
- *Specialized foster homes* - Young people are placed with families that are specially trained to help young people develop independent living skills.

cost for each placement type, and so TFP used the per diem cost for each placement type, and used an average length of stay to determine the average annual cost of services. TFP reviewed CSA data and DSS data on the length of stay for youth, ages 18, 19, and 20, to determine an average length of stay in an arrangement during the year. The data differed slightly, though both showed a shorter length of stay for 18 year olds and longer lengths of stay for 19 year olds and 20 year olds. Based on this data, TFP used an average length of stay of 6 months for 18 year olds, 8 months for 19 year olds, and 10 months for 20 year olds to determine the total service costs for youth.

Estimating the state and local match rate
CSA match rates vary by type of service. Base services have a 64.4% state share and a 35.6% local share. Residential services have a 54% state share and a 45.4% local share. To calculate the state and local rates for CSA services, a weighted average was taken of the percent of youth in each service setting and the match rate for the setting. With the weighted averaged, the state match was 62.1%.

Base services include: family foster care basic maintenance payments, foster care basic maintenance & basic activities payments, specialized foster home, therapeutic foster home, independent living stipend, independent living arrangement, and psychiatric hospital/crisis stabilization unit. Residential services include: temporary care facility and services, group home, and residential treatment facility.

Estimating the Costs of Case Management
DSS provided TFP with average salaries/benefit costs:
Case Worker – $64,815
Supervisor –$ 90,619

Assumed the following caseworker/caseload ratios:
1 to12 – Worker to youth
1 to 72 – Supervisors to youth

Estimating Other Administrative Costs
Used state data on monthly administrative costs - $293

Estimating Attorney Costs
Estimated court-appointed attorney costs are at $120 per case (permanency review) per youth. A yearly permanency review is required should Virginia opt into extending eligibility.

Appendix C: Estimating the Fiscal Impact of Extending Foster Care Services, Adoption Assistance Subsidies, and Custody Assistance Subsidies to Older Youth

The charts below provide detailed calculations on:

1. Fiscal Impact of Extending foster care services to age 21
2. Fiscal Impact of Extending Adoption Assistance Subsidies to 21
3. Fiscal Impact of Extending Custody Assistance Subsidies to 21
4. Total Fiscal Impact
5. Fiscal Impact of Adding Eligible DJJ Youth

1. Extending Foster Care Services to Age 21:

Fiscal Impact of Extending Foster Care Services (Scenario I) with and without Fostering Connections

	SFY 2013	SFY 2014	SFY 2015	SFY 2016	SFY 2017
Existing Eligibility (No Fostering Connections)					
Estimated Total Costs	**$33,868,472**	**$31,497,679**	**$29,922,795**	**$29,025,111**	**$28,444,609**
IV-E Revenue	$0	$0	$0	$0	$0
State Cost	$24,615,899	$22,892,786	$21,748,147	$21,095,702	$20,673,788
Locality Cost	$9,252,573	$8,604,893	$8,174,649	$7,929,409	$7,770,821
Scenario I: Extend Eligibility to 21 (Assume No Increase in Youth)					
Estimated Total Costs	**$33,868,472**	**$31,497,679**	**$29,922,795**	**$29,025,111**	**$28,444,609**
IV-E Revenue	$6,601,769	$6,139,646	$5,832,663	$5,657,683	$5,544,530
State Cost	$19,694,744	$18,316,112	$17,400,306	$16,878,297	$16,540,731
Locality Cost	$7,571,959	$7,041,922	$6,689,826	$6,489,131	$ 6,359,348
	$33,868,472	**$31,497,679**	**$29,922,795**	**$29,025,111**	**$28,444,609**
DIFFERENCE					
Estimated Total Cost Difference					
IV-E Revenue	$6,601,769	$6,139,646	$5,832,663	$5,657,683	$5,544,530
State Cost	$(4,921,155)	$(4,576,674)	$(4,347,841)	$(4,217,405)	$(4,133,057)
Locality Cost	$(1,680,614)	$(1,562,971)	$(1,484,823)	$(1,440,278)	$(1,411,472)
Difference	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**

Fiscal Impact of Extending Foster Care Services (Scenario II) with and without Fostering Connections

	SFY 2013	SFY 2014	SFY 2015	SFY 2016	SFY 2017
Existing Eligibility (No Fostering Connections)					
Estimated Total Costs	**$33,868,472**	**$31,497,679**	**$29,922,795**	**$29,025,111**	**$28,444,609**
IV-E Revenue	$0	$0	$0	$0	$0
State Cost	$24,615,899	$22,892,786	$21,748,147	$21,095,702	$20,673,788
Locality Cost	$9,252,573	$8,604,893	$8,174,649	$7,929,409	$7,770,821
Scenario II: Extend Eligibility to 21 (Assume Increase in Youth)					
Estimated Total Costs	**$39,880,725**	**$37,089,074**	**$35,234,620**	**$34,177,582**	**$33,494,030**
IV-E Revenue	$7,766,849	$7,223,170	$6,862,011	$6,656,151	$6,523,028
State Cost	$23,208,960	$21,584,332	$20,505,116	$19,889,962	$19,492,163
Locality Cost	$8,904,916	$8,281,572	$7,867,493	$7,631,469	$7,478,839
DIFFERENCE					
Estimated Total Costs	**$6,012,253**	**$5,591,395**	**$5,311,825**	**$5,152,471**	**$5,049,421**
IV-E Revenue	$7,766,849	$7,223,170	$6,862,011	$6,656,151	$6,523,028
State Cost	$(1,406,939)	$(1,308,454)	$(1,243,031)	$(1,205,740)	$(1,181,625)
Locality Cost	$(347,657)	$(323,321)	$(307,155)	$(297,940)	$(291,982)

2. Fiscal Impact of extending adoption subsidy to age 21

Extending Adoption Subsidy to Age 21 for Youth Adopted After Age 16

	SFY 2013	SFY 2014	SFY 2015	SFY 2016	SFY 2017
Existing Eligibility (No Fostering Connections)					
Total Costs	$0	$0	$0	$0	$0
State Costs	$0	$0	$0	$0	$0
Locality Costs	$0	$0	$0	$0	$0
Scenario I: Extend Adoption Subsidy to 21 (Assume No Increase in Youth)					
Est. Number of Youth Who Will Meet all Subsidy Requirements to Age 21	92	115	138	159	175
Average Monthly Subsidy Payment	$1,366	$1,448	$1,535	$1,627	$1,725
Estimated Total Costs	**$1,507,887**	**$1,598,361**	**$2,117,828**	**$2,693,877**	**$3,283,836**
IV-E Revenue	$577,559	$612,212	$811,181	$1,031,822	$1,257,791

State Costs	$930,329	$986,148	$1,306,647	$1,662,055	$2,026,045
Locality Costs	$0	$0	$0	$0	$0
Scenario II: Extend Adoption Subsidy to 21 (Assume Increase in Youth)					
Est. Number of Youth Who Will Meet all Subsidy Requirements to Age 21	103	134	167	201	231
Average Monthly Subsidy Payment	$1,366	$1,448	$1,535	$1,627	$1,725
Estimated Total Costs	$1,685,832	$1,786,982	$2,462,461	$3,262,760	$4,150,231
IV-E Revenue	$645,716	$684,459	$943,184	$1,249,719	$1,589,642
State Costs	$1,040,116	$1,102,523	$1,519,277	$2,013,041	$2,560,589
Locality Costs	$0	$0	$0	$0	$0

3. Fiscal Impact of extending custody assistance to age 21

Extending Custody Assistance to 21 for Youth Who Enter Guardianship After Age 16

	SFY 2013	SFY 2014	SFY 2015	SFY 2016	SFY 2017
Existing Eligibility (No Fostering Connections)					
Total Costs	$0	$0	$0	$0	$0
Projected State Costs	$0	$0	$0	$0	$0
Projected Locality Costs	$0	$0	$0	$0	$0
Scenario I: Extend Custody Assistance to 21 (opt in to Fostering Connections)					
Total Number of Youth In Care Ages 16 and 17	1,321	1,212	1,112	1,020	936
Number of Youth Expected to Exit and Receive Custody Assistance After Age 16	40	48	56	61	66
Monthly Subsidy Amount	$918	$918	$918	$918	$918
Estimated Total Costs	**$436,597**	**$534,064**	**$612,459**	**$674,267**	**$721,692**
Projected IV-E Revenue	$104,783	$128,175	$146,990	$161,824	$173,206
State Costs	$331,814	$405,889	$465,469	$512,443	$548,486
Locality Costs	$0	$0	$0	$0	$0
Scenario II: Shared State / Local Cost					
Estimated Total Costs	**$436,597**	**$534,064**	**$612,459**	**$674,267**	**$721,692**
Projected IV-E Revenue	$104,783	$128,175	$146,990	$161,824	$173,206
State Costs	$215,679	$263,827	$302,555	$333,087	$356,516
Locality Costs	$116,135	$142,062	$162,914	$179,356	$191,970

4. Total Fiscal Impact

Total Impact with and without Fostering Connections Under Scenario 1

	2013	2014	2015	2016	2017	Five Year Total (Net Savings)/ Net Cost
Scenario I Comparison						
Existing Eligibility (No Fostering Connections)						
Estimated Total Costs	**$33,868,472**	**$31,497,679**	**$29,922,795**	**$29,025,111**	**$28,444,609**	**$152,758,667**
IV-E Revenue	$0	$0	$0	$0	$0	$0
State Cost	$24,615,899	$22,892,786	$21,748,147	$21,095,702	$20,673,788	$111,026,322
Locality Cost	$9,252,573	$8,604,893	$8,174,649	$7,929,409	$7,770,821	$41,732,345
Scenario I: Extend Eligibility to 21 (Assume No Increase in Youth)						
Estimated Total Costs	**$35,812,957**	**$33,630,104**	**$32,653,082**	**$32,393,255**	**$32,450,137**	**$166,939,534**
IV-E Revenue	$7,284,111	$6,880,033	$6,790,834	$6,851,330	$6,975,527	$34,781,835
State Cost	$20,956,886	$19,708,149	$19,172,421	$19,052,794	$19,115,262	$98,005,512
Locality Cost	$7,571,959	$7,041,922	$6,689,826	$6,489,131	$6,359,348	$34,152,186
Difference						
Estimated Total Costs	**$1,944,485**	**$2,132,425**	**$2,730,287**	**$3,368,144**	**$4,005,528**	$14,180,868
IV-E Revenue	$7,284,111	$6,880,033	$6,790,834	$6,851,330	$6,975,527	$34,781,835
State Cost	$(3,659,012)	$(3,184,637)	$(2,575,725)	$(2,042,908)	$(1,558,527)	$(13,020,809)
Locality Cost	$(1,680,614)	$(1,562,971)	$(1,484,823)	$(1,440,278)	$(1,411,472)	$(7,580,158)

Total Impact with and without Fostering Connections Under Scenario II

	2013	2014	2015	2016	2017	Five Year Total (Net Savings)/ Net Cost
Scenario II Comparison						
Existing Eligibility (No Fostering Connections)						
Estimated Total Costs	**$33,868,472**	**$31,497,679**	**$29,922,795**	**$29,025,111**	**$28,444,609**	**$152,758,667**
IV-E Revenue	$0	$0	$0	$0	$0	$0
State Cost						

	$24,615,899	$22,892,786	$21,748,147	$21,095,702	$20,673,788	$111,026,322
Locality Cost	$9,252,573	$8,604,893	$8,174,649	$7,929,409	$7,770,821	$41,732,345
Scenario II: Extend Eligibility to 21 (Assume Increase in Youth)						
Estimated Total Costs	**$42,003,154**	**$39,410,120**	**$38,309,540**	**$38,114,609**	**$38,365,953**	**$196,203,376**
IV-E Revenue	$8,517,348	$8,035,804	$7,952,185	$8,067,694	$8,285,876	$40,858,907
State Cost	$24,464,755	$22,950,683	$22,326,947	$22,236,091	$22,409,268	$114,387,744
Locality Cost	$9,021,051	$8,423,633	$8,030,408	$7,810,824	$7,670,809	$40,956,725
Difference						
Estimated Total Costs	**$8,134,682**	**$7,912,441**	**$8,386,745**	**$9,089,497**	**$9,921,344**	**$43,444,709**
IV-E Revenue	$8,517,348	$8,035,804	$7,952,185	$8,067,694	$8,285,876	$40,858,907
State Cost	$(151,144)	$57,897	$578,800	$1,140,389	$1,735,480	$3,361,422
Locality Cost	$(231,522)	$(181,260)	$(144,241)	$(118,585)	$(100,011)	$(775,620)

5. Fiscal Impact of Including DJJ Youth in Extended Foster Care Services

	SFY 2013	SFY 2014	SFY 2015	SFY 2016	SFY 2017
Allow Youth from DJJ to Extend Foster Care Services to 21					
Youth who were in foster care immediately prior to entering DJJ, and were released from DJJ after age 18	32	32	32	32	32
Estimated Total Costs	**$713,929**	**$713,929**	**$713,929**	**$713,929**	**$713,929**
Projected IV-E Revenue	$156,108	$156,108	$156,108	$156,108	$156,108
State Costs	$408,198	$408,198	$408,198	$408,198	$408,198
Locality Costs	$149,623	$149,623	$149,623	$149,623	$149,623

Appendix D- Fiscal Impact of Extending Foster Care Services to age 21, by Age Cohort, with and without Fostering Connections

	2013	2014	2015	2016	2017
Existing Eligibility (No Fostering Connections)					
18 Year Olds					
Estimated Total Costs	$16,303,583	$15,162,332	$14,404,216	$13,972,089	$13,692,647
IV-E Revenue	$0	$0	$0	$0	$0
State Cost	$11,956,416	$11,119,467	$10,563,493	$10,246,589	$10,041,657
Locality Cost	$4,347,167	$4,042,865	$3,840,722	$3,725,500	$3,650,990
19 Year Olds					
Estimated Total Costs	$10,835,204	$10,076,740	$9,572,903	$9,285,716	$9,100,001
IV-E Revenue	$0	$0	$0	$0	$0
State Cost	$7,785,466	$7,240,484	$6,878,460	$6,672,106	$6,538,664
Locality Cost	$3,049,738	$2,836,256	$2,694,443	$2,613,610	$2,561,338
20 Year Olds					
Estimated Total Costs	$6,729,685	$6,258,607	$5,945,677	$5,767,307	$5,651,960
IV-E Revenue	$0	$0	$0	$0	$0
State Cost	$4,874,017	$4,532,835	$4,306,194	$4,177,008	$4,093,468
Locality Cost	$1,855,669	$1,725,772	$1,639,483	$1,590,299	$1,558,493
Scenario I: Extend Services to 21 (Assume No Increase in Youth)					
18 Year Olds					
Estimated Total Costs	$16,303,583	$15,162,332	$14,404,216	$13,972,089	$13,692,647
IV-E Revenue	$3,572,300	$3,322,239	$3,156,127	$3,061,443	$3,000,214
State Cost	$9,305,277	$8,653,908	$8,221,212	$7,974,576	$7,815,085
Locality Cost	$3,426,006	$3,186,185	$3,026,876	$2,936,070	$2,877,348
19 Year Olds					
Estimated Total Costs	$10,835,204	$10,076,740	$9,572,903	$9,285,716	$9,100,001
IV-E Revenue	$1,845,599	$1,716,407	$1,630,587	$1,581,669	$1,550,036
State Cost	$6,405,988	$5,957,569	$5,659,690	$5,489,900	$5,380,102

	2013	2014	2015	2016	2017
Locality Cost	$2,583,617	$2,402,764	$2,282,625	$2,214,147	$2,169,864
20 Year Olds					
Estimated Total Costs	$6,729,685	$6,258,607	$5,945,677	$5,767,307	$5,651,960
IV-E Revenue	$1,183,870	$1,100,999	$1,045,949	$1,014,571	$994,280
State Cost	$3,983,478	$3,704,635	$3,519,403	$3,413,821	$3,345,545
Locality Cost	$1,562,337	$1,452,973	$1,380,324	$1,338,915	$1,312,136
Scenario II: Extend Services to 21 (Assume Increase in Youth)					
18 Year Olds					
Estimated Total Costs	$16,339,133	$15,195,394	$14,435,624	$14,002,555	$13,722,504
IV-E Revenue	$3,643,746	$3,388,684	$3,219,250	$3,122,672	$3,060,219
State Cost	$9,302,544	$8,651,366	$8,218,797	$7,972,233	$7,812,789
Locality Cost	$3,392,843	$3,155,344	$2,997,577	$2,907,650	$2,849,497
19 Year Olds					
Estimated Total Costs	$13,207,281	$12,282,771	$11,668,633	$11,318,574	$11,092,202
IV-E Revenue	$2,305,116	$2,143,757	$2,036,570	$1,975,472	$1,935,963
State Cost	$7,789,264	$7,244,016	$6,881,815	$6,675,361	$6,541,854
Locality Cost	$3,112,901	$2,894,998	$2,750,248	$2,667,741	$2,614,386
20 Year Olds					
Estimated Total Costs	$10,334,311	$9,610,909	$9,130,364	$8,856,453	$8,679,324
IV-E Revenue	$1,817,988	$1,690,728	$1,606,192	$1,558,006	$1,526,846
State Cost	$6,117,151	$5,688,951	$5,404,503	$5,242,368	$5,137,521
Locality Cost	$2,399,172	$2,231,230	$2,119,668	$2,056,078	$2,014,957

Appendix E – Summary Fiscal Impact Across Scenarios, FY 2013-2017

SFY 2013			
	No Fostering Connections Scenario	Scenario I: Assume No Increase in Youth	Scenario II: Assume Increase in Youth
Extending Foster Care Services			
Total Costs	**$33,868,472**	**$33,868,472**	**$39,880,725**
Title IV-E Revenues	$0	$6,601,769	$7,766,849
State Costs	$24,615,899	$19,694,744	$23,208,960
Locality Costs	$9,252,573	$7,571,959	$8,904,916
Net Costs/Savings to State	$0	$(4,921,155)	$(1,406,939)
Net Cost/Savings to Locality	$0	$(1,680,614)	$(347,657)
Total Net Cost/Savings	$0	$(6,601,769)	$(1,754,596)
Extending Adoption Subsidies			
Total Costs	**$0**	**$1,507,887**	**$1,685,832**
Title IV-E Revenues	$0	$577,559	$645,716
State Costs	$0	$930,329	$1,040,116
Locality Costs	$0	$0	$0
Net Costs/Savings to State	$0	$930,329	$1,040,116
Net Cost/Savings to Locality	$0	$0	$0
Total Net Cost/Savings	$0	$930,329	$1,040,116
Extending Custody Assistance			
Total Costs	$0	**$436,597**	**$436,597**
Title IV-E Revenues	$0	$104,783	$104,783
State Costs	$0	$331,814	$215,679
Locality Costs	$0	$0	$116,135
Net Costs/Savings to State	$0	$331,814	$215,679
Net Cost/Savings to Locality	$0	$0	$116,135
Total Net Cost/Savings	$0	$331,814	$331,814

Summary Fiscal Impact Across Scenarios			
SFY 2014			
	No Fostering Connections Scenario	**Scenario I: Assume No Increase in Youth**	**Scenario II: Assume Increase in Youth**
Extending Foster Care Services			
Total Costs	**$31,497,679**	**$31,497,679**	**$37,089,074**
Title IV-E Revenues	$0	$6,139,646	$7,223,170
State Costs	$22,892,786	$18,316,112	$21,584,332
Locality Costs	$8,604,893	$7,041,922	$8,281,572
Net Cost/Savings to State	$0	$(4,576,674)	$(1,308,454)
Net Cost/Savings to Localities	$0	$(1,562,971)	$(323,321)
Total Net Cost/Savings	$0	$(6,139,646)	$(1,631,775)
Extending Adoption Assistance			
Total Costs	**$0**	**$1,598,361**	**$1,786,982**
Title IV-E Revenues	$0	$612,212	$684,459
State Costs	$0	$986,148	$1,102,523
Locality Costs	$0	$0	$0
Net Cost/Savings to State	$0	$986,148	$1,102,523
Net Cost/Savings to Localities	$0	$0	$0
Total Net Cost/Savings	$0	$986,148	$1,102,523
Extending Custody Assistance			
Total Costs	**$0**	**$534,064**	**$534,064**
Title IV-E Revenues	$0	$128,175	$128,175
State Costs	$0	$405,889	$263,828
Locality Costs	$0	$0	$142,061
Net Cost/Savings to State	$0	$405,889	$263,828
Net Cost/Savings to Localities	$0	$0	$142,061
Total Net Cost/Savings	$0	$405,889	$405,889

Summary Fiscal Impact Across Scenarios			
SFY 2015			
	No Fostering Connections Scenario	**Scenario I: Assume No Increase in Youth**	**Scenario II: Assume Increase in Youth**
Extending Foster Care Services			
Total Costs	**$29,922,795**	**$29,922,795**	**$35,234,620**
Title IV-E Revenues	$0	$5,832,663	$6,862,011
State Costs	$21,748,147	$17,400,306	$20,505,116
Locality Costs	$8,174,649	$6,689,826	$7,867,493
Net Cost/Savings to State	$0	$(4,347,841)	$(1,243,031)
Net Cost/Savings to Localities	$0	$(1,484,823)	$(307,155)
Total Net Cost/Savings	$0	$(5,832,663)	$(1,550,186)
Extending Adoption Assistance			
Total Costs	**$0**	**$2,117,828**	**$2,462,461**
Title IV-E Revenues	$0	$811,181	$943,184
State Costs	$0	$1,306,647	$1,519,277
Locality Costs	$0	$0	$0
Net Cost/Savings to State	$0	$1,306,647	$1,519,277
Net Cost/Savings to Localities	$0	$0	$0
Total Net Cost/Savings	$0	$1,306,647	$1,519,277
Extending Custody Assistance			
Total Costs	**$0**	**$612,459**	**$612,459**
Title IV-E Revenues	$0	$146,990	$146,990
State Costs	$0	$465,469	$302,555
Locality Costs	$0	$0	$162,914
Net Cost/Savings to State	$0	$465,469	$302,555
Net Cost/Savings to Localities	$0	$0	$162,914
Total Net Cost/Savings	$0	$465,469	$465,469

Summary Fiscal Impact Across Scenarios			
SFY 2016			
	No Fostering Connections Scenario	**Scenario I: Assume No Increase in Youth**	**Scenario II: Assume Increase in Youth**
Extending Foster Care Services			
Total Costs	**$29,025,111**	**$29,025,111**	**$34,177,582**
Title IV-E Revenues	$0	$5,657,683	$6,656,151
State Costs	$21,095,702	$16,878,297	$19,889,962
Locality Costs	$7,929,409	$6,489,131	$7,631,469
Net Cost/Savings to State	$0	$(4,217,405)	$(1,205,740)
Net Cost/Savings to Localities	$0	$(1,440,278)	$(297,940)
Total Net Cost/Savings	$0	$(5,657,683)	$(1,503,680)
Extending Adoption Assistance			
Total Costs	**$0**	**$2,693,877**	**$3,262,760**
Title IV-E Revenues	$0	$1,031,822	$1,249,719
State Costs	$0	$1,662,055	$2,013,042
Locality Costs	$0	$0	$0
Net Cost/Savings to State	$0	$1,662,055	$2,013,041
Net Cost/Savings to Localities	$0	$0	$0
Total Net Cost/Savings	$0	$1,662,055	$2,013,041
Extending Custody Assistance			
Total Costs	**$0**	**$674,267**	**$674,267**
Title IV-E Revenues	$0	$161,824	$161,824
State Costs	$0	$512,443	$333,088
Locality Costs	$0	$0	$179,355
Net Cost/Savings to State	$0	$512,443	$333,088
Net Cost/Savings to Localities	$0	$0	$179,355
Total Net Cost/Savings	$0	$512,443	$512,443

Summary Fiscal Impact Across Scenarios			
SFY 2017			
	No Fostering Connections Scenario	**Scenario I: Assume No Increase in Youth**	**Scenario II: Assume Increase in Youth**
Extending Foster Care Services			
Total Costs	**$28,444,609**	**$28,444,609**	**$33,494,030**
Title IV-E Revenues	$0	$5,544,530	$6,523,028
State Costs	$20,673,788	$16,540,731	$19,492,163
Locality Costs	$7,770,821	$6,359,348	$7,478,839
Net Costs/Savings to State	$0	($4,133,057)	($1,181,625)
Net Cost/Savings to Locality	$0	($1,411,472)	($291,982)
Net Cost/Savings to State and Localities Combined	$0	($5,544,530)	($1,473,607)
Extending Adoption Subsidies			
Total Costs	**$0**	**$3,283,836**	**$4,150,231**
Title IV-E Revenues	$0	$1,257,791	$1,589,642
State Costs	$0	$2,026,045	$2,560,589
Locality Costs	$0	$0	$0
Net Costs/Savings to State	$0	$2,026,045	$2,560,589
Net Cost/Savings to Locality	$0	$0	$0
Net Cost/Savings to State and Localities Combined	$0	$2,026,045	$2,560,589
Extending Custody Assistance Subsidies			
Total Costs	**$0**	**$721,692**	**$721,692**
Title IV-E Revenues	$0	$173,206	$173,206
State Costs	$0	$548,486	$356,516
Locality Costs	$0	$0	$191,970
Net Costs/Savings to State	$0	$548,486	$356,516
Net Cost/Savings to Locality	$0	$0	$191,970
Net Cost/Savings to State and Localities Combined	$0	$548,486	$548,486

Appendix F – Local Department of Social Services Survey

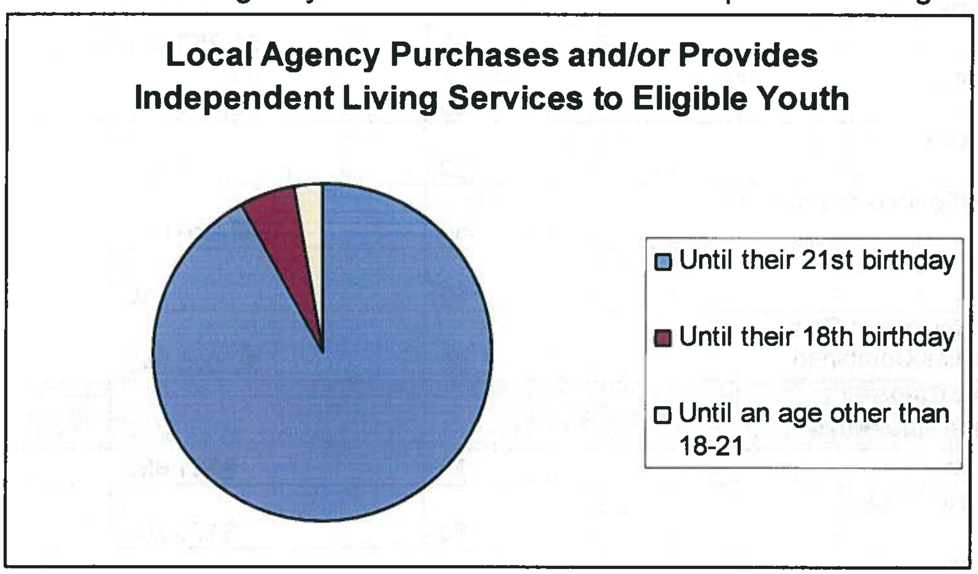
The Finance Project and Virginia Department of Social Services (VDSS) staffs developed and distributed a survey to all local DSS agencies that asked for:

1) basic data on eligibility criteria for independent living services based on age,
2) the numbers and types of placements for older youth who have aged out (at age18) of foster care,
3) certain costs, basic case management info, judicial considerations, and infrastructure.

All **120 local DSS departments were contacted** via a Virginia DSS broadcast with a **response rate of 63 percent (76 respondents)**. Results indicated that:

- **The majority (92%)** of local DSS agencies who responded already purchase or **provide Independent Living services** to youth ages 18 -21 (Figure 1)
- Of those who do not, **90 percent said they would like to provide Independent Living services** to youth ages 18-21 who have aged out of foster care if federal title IV-E funds were available.
- **Fewer agencies purchase or provide IL services to youth adopted after age 16** – only 53 percent reported doing so.
- Of those that did not, **90% were interested** in doing so should federal title IV-E funds become available.

Figure 1: Local DSS Agency Provides or Purchases Independent Living Services

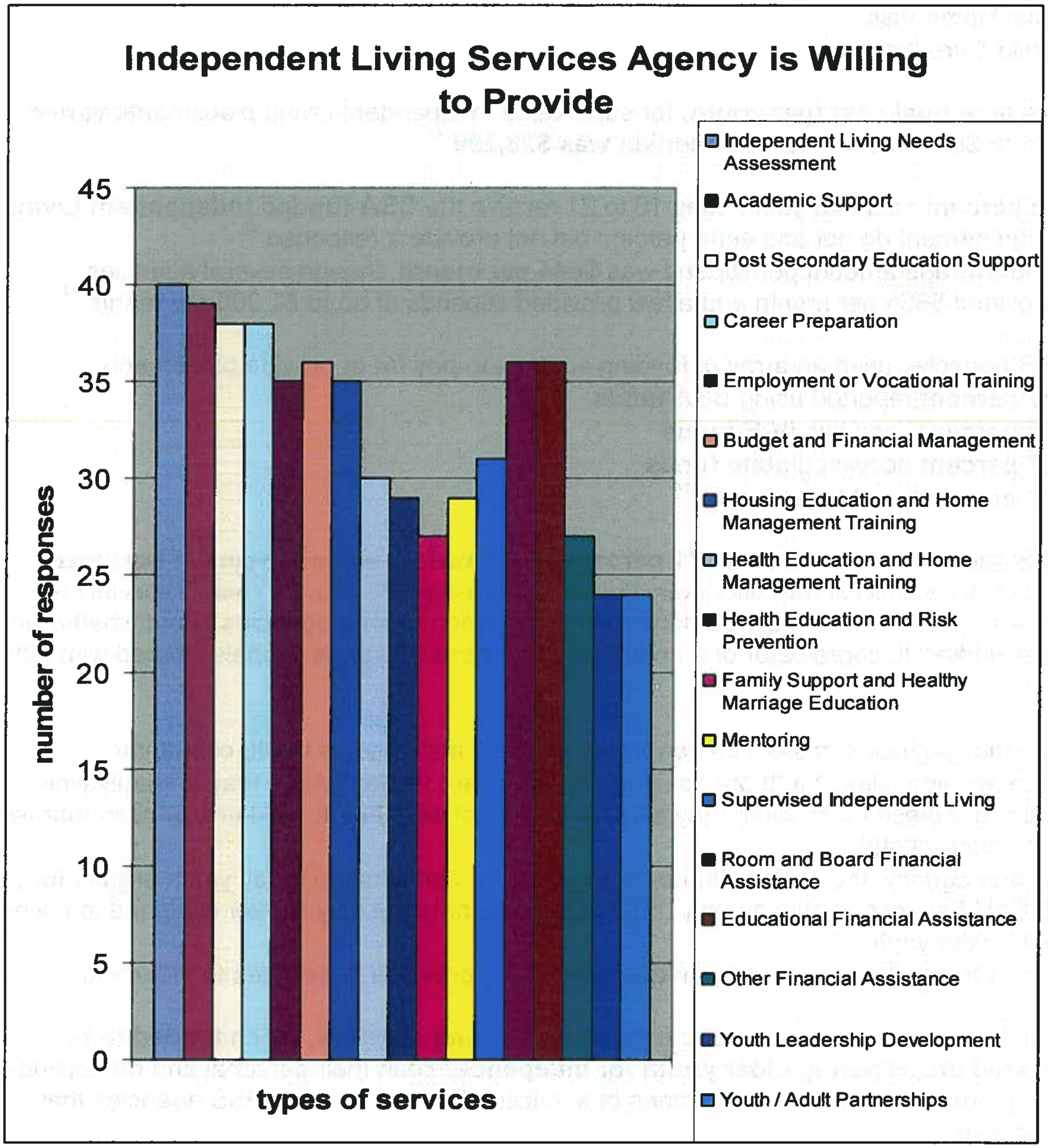


Respondents expressed interest in **a wide array of Independent Living services** should IV-E federal reimbursements be available for ages 18 -21 (Figure 2). These include:

- Independent Living Needs Assessment
- Academic Support
- Post Secondary Education Support
- Career Preparation
- Room and Board Financial Assistance
- Educational Financial Assistance
- Employment and Vocational Training

- Budget and Financial Management
- Housing Education and Home Management Training.

Figure 2: Independent Living Services Local DSS Agency is Willing to Provide



A large majority (82%) of local DSS agencies that responded said they **pay for or provide placements for youth** who aged out of foster care at age 18. Ten percent said they do not and eight percent did not provide a response. These placements include:

- Independent Living Arrangements
- Supervised Independent Living[43]

[43] Supervised Independent Living consisted of many types of arrangements – a college dormitory, semi-supervised (scattered-site) apartments, supervised (clustered) apartments, boarding homes, shared homes, host homes, adult's roommates, and specialized foster homes.

- Non-Relative Foster Care
- Relative Foster Care
- Residential Care
- Group Home Care
- Trial Home Visit
- Child-Care Institution

The **average annual cost (per youth)** for supervised Independent Living placements **varied greatly**, from $876 to $77,146. The **median was $28,200**.[44]

Nearly **82 percent** said that youth ages 18 to 21 receive the **CSA-funded Independent Living stipend**, ten percent do not and eight percent did not provide a response.[45]

- The average amount per stipend was **$644 per month**, though several agencies provided $666 per month and a few provided stipends of up to $1,000 per month.[46]

Local DSS agencies used an array of funding sources to pay for or provide placements:

- **98 percent** reported using **CSA funds**
- **25 percent** used title **IV-E funds**
- **27 percent** accessed **state funds**
- **20 percent** used **local funds**.[47]

Local DSS agencies responded that **71 percent of caseworkers met with youth at least once a month** and 16 percent met at least once every three months. Independent Living coordinators met less frequently with youth.[48] Case Management responses varied among agencies about whether the foster care worker, IL coordinator or a combination of these two professionals worked with older youth:

- In small agencies, foster care workers are dually assigned as the IL coordinator.
- In a few agencies, youth are assigned a foster care worker whom they primarily work with. But these older youth may also have contact with their IL workers, or case manager and support staff.
- In one agency, the IL Coordinator is available for consultation for all youth eligible for IL & ETV Services. In this agency, the IL Coordinator is the only worker assigned to cases with older youth.
- One agency has an entire team that specifically provides IL services to older youth.

There was not a lot of variance among Independent **Living services**, which **tended to be concentrated on preparing older youth for independence** in their personal and professional lives.[49] The most frequently provided types of services identified by local DSS agencies that responded were:

- Case management (63%)
- Life skills classes or coaching (46%)

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[44] Note: 23 of the 76 respondents provided the average annual cost (per youth) for supervised Independent Living placements.
[45] Note: 60 local DSS agencies provided responses to this question.
[46] Note: 60 local DSS agencies provided responses to this question.
[47] Note: 60 local DSS agencies provided responses to this question
[48] Note: 70 local DSS agencies provided responses to this question.
[49] Note: 46 local DSS agencies provided open response answers as to the types of IL services they provide or pay for.

- Transportation (39%)
- Mentoring (15%).

Less frequently, agencies provided the following services:

- IL group activities, child support for children of youth, mental health support and/or therapy, parenting skills classes, graduation fees, college books, substance abuse services, emergency support services, employment and educational schedule oversight, vocational and/or educational programs, and living support such as: monitoring bill payments, grocery shopping, financial literacy training, and checking/savings account maintenance.

Private Providers most commonly provided **IL Services** to youth, especially if the youth was also receiving therapeutic foster care.

Some local DSS agencies **(43%) provide oversight for youth over age 18** and receiving services. These include **permanency review hearings and case plan reviews**. Most oversight was conducted out of court by **Administrative Panel reviews.** Forty-nine percent of local DSS agencies do not provide oversight and eight percent did not provide a response.

When asked about the potential impact of extending IV-E eligibility to Age 21 in Virginia, **60 percent** of local DSS agencies cited the **need for additional staff**, thirty percent said they would not require additional staff, and ten percent did not provide a response. On average, respondents indicated that an **increase of one staff** for all of the following types of staff would be required: **support staff, eligibility staff, and supervisory staff.**