Government of the District of Columbia
Office of the Chief Financial Officer

Glen Lee
Chief Financial Officer

MEMORANDUM

TO: **The Honorable Phil Mendelson**
Chairman, Council of the District of Columbia

FROM: **Glen Lee**
Chief Financial Officer

DATE: **November 17, 2022**

SUBJECT: **Fiscal Impact Statement – Preserving Our Kids' Equity Through Trusts Amendment Act of 2022**

REFERENCE: **Bill 24-857, Draft Committee Print as provided to the Office of Revenue Analysis on October 14, 2022**

Conclusion

Funds are not sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The bill will cost $1.57 million in fiscal year 2023 and a total of $6.08 million over the four-year financial plan.

Background

The bill aims to increase the number of federally-funded housing vouchers provided to youth aging out of foster care. The bill requires that a youth's transition plan for leaving foster care includes a written housing plan developed in consultation with the youth and the youth's attorney. If the housing plan does not contemplate the provision of a Family Unification Program Housing Choice Voucher[1] (FUP voucher), the plan should explain why the youth is not at risk of homelessness, not prepared for independent living, or not in need of their own residence. The bill also requires the Child and Family Services Agency (CFSA) to collaborate with the D.C. Housing Authority (DCHA) to secure a Foster Youth to Independence[2] (FYI) voucher for any youth up to five years after aging out of foster care, provided they are homeless or at risk of becoming homeless and are not seeking to live in a college dormitory or military housing. CFSA must take steps required by the U.S Department of Housing and Urban Development for participation in the voucher program, including providing required support services to youth for the duration of their voucher.

[1] https://www.hud.gov/sites/documents/FUP_FACT_SHEET.PDF
[2] https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/fyi

Each year, the Mayor must report to Council by February 28 on particular homelessness data and CFSA's efforts to prevent homelessness in youth who aged out of foster care. The report shall include the number of youth aging out each year, how many of those were homeless in the prior fiscal year, how many who aged out in one of the preceding five fiscal years were homeless within six months, and how many were homeless at age 26.

The bill changes CFSA's current practice of applying to the Social Security Administration (SSA) to serve as the designated payee of benefits administered by the SSA for which the child may be eligible. Some children are eligible for benefits, for example, due to their disability or due to having a deceased or disabled parent. The bill requires that CFSA apply to SSA on a child's behalf if it determines the child may be eligible for benefits but prohibits the District from using such benefits to pay for the costs of the children's care. CFSA must monitor federal resource limits to ensure that child's best interest is served by conserving the benefits in a way that avoids violating or exceeding any federal asset or resource limits that would affect the child's eligibility to receive the benefits. The bill outlines several ways that the CFSA can ensure the benefits are preserved without affecting eligibility, including through the establishment of a Plan for Achieving Self-Support (PASS) account, a 529A account, an individual development account, or a special needs trust.

CFSA must provide notice to the child's parents or guardians, attorneys, and foster parents when applying to SSA for benefits and when receiving any communication from SSA. Every six months, CFSA must provide an accounting of the preservation of the SSA benefits to the child's foster parents, the child's parents or guardians, and the child's attorney. Upon a child's exit from foster care, CFSA must also provide a written plan for the child's attorney and parents or adoptive parents for the future use and control of any funds conserved. CFSA must also provide five hours of financial literacy and financial management education for the foster youth and all parties gaining control of the accounts with the preserved benefits. CFSA may provide the financial literacy education through a contractor or grantee.

CFSA must report annually to the Council on the number of preserved accounts opened, the types of accounts established, and the type of benefits preserved. The report must include a summary of the financial literacy offered pursuant to the bill's requirements.

The bill makes technical and clarifying amendments to CFSA's Grandparent and Close Relative Caregiver Program, including to standardize the definition of godparent and to make the Close Relative Caregiver program permanent. The Close Relative Caregiver program was established as a pilot program and has a current sunset date of September 30, 2023. The bill requires CFSA to provide caregivers written notice 15 days in advance if CFSA will terminate their subsidy payment. The bill requires applicants to the program to receive their first payment within 45 days of being determined eligible and to receive any back payments from the date the agency first determined them eligible.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The bill will cost $1.57 million in fiscal year 2023 and a total of $6.08 million over the four-year financial plan.

Currently CFSA applies to SSA to be the representative payee for any benefits children in its care are eligible for, deposits them in a special purpose revenue fund[3], and applies those benefits to the child's cost of care. Approximately $1 million of care costs are paid annually from the special purpose revenue fund, and CFSA will require Local Fund budget to replace these costs.

CFSA will also require additional resources to implement the bill's provisions to establish accounts to preserve the childrens' SSA benefits while they are in the care of CFSA and to ensure requirements of the bill are met, including to monitor any federal asset or resource limits for the benefits and ensure that the benefits are conserved in a way that avoids violating or exceeding any federal asset or resource limits, and to develop written plans for children exiting care on the future use and control of any funds conserved. CFSA will require one new position and funding to issue two contracts. The first contract will be a one-time contract for a consultant to develop a project plan and to guide the implementation steps required by the new law including process, procedures, and compliance activities. The second contract will be issued to a financial institution to establish the accounts; monitor them for tax and benefit eligibility implications; manage fiscal related appeals; and to solidify after-care planning and associated activities to ensure youth, birth and adoptive parents, and guardians understand how to manage the accounts for youth exiting care. This contract will be a multi-year contract and will include the bill's required five hours of financial literacy to children, birth and adoptive parents, and guardians. The new position (a program specialist) will support the SSI application process and non-fiscal related appeal; provide basic SSI education for youth, birth and adoptive parents and guardians; serve as a contract monitor, and serve as a liaison to the social work team, CFSA Business Services Administration and Office of the Chief Financial Officer. Lastly, opening authorized accounts for each child may require additional account opening and regular account maintenance fees from institutions offering and managing such accounts, but the fiscal impact assumes that CFSA will issue rules to allow such fees to be deducted from the SSA payments.

CFSA does not require additional resources to implement the bill's provisions for written housing plans for youth transitioning out of its care, including collaborating with DCHA to obtain any FUP or FYI vouchers, providing any federally-required support services, and preparing required reporting on homelessness and homelessness prevention. The bill's amendments to the Grandparent and Close Relative Caregiver Program can also be implemented with existing resources.

Preserving Our Kids' Equity Through Trusts Amendment Act of 2022 Total Costs					
	FY23	FY24	FY25	FY26	Total
Replacement of SPR budget for costs of care	$1,000,000	$1,019,000	$1,037,000	$1,056,000	$4,112,000
Contracts	$445,000	$326,000	$332,000	$338,000	$1,441,000
Program Specialist (salary and fringe)	$129,000	$131,000	$134,000	$136,000	$530,000
Total Costs	$1,574,000	$1,476,000	$1,503,000	$1,530,000	$6,083,000

[3] Agency Fund 601, Social Security and Supplemental Security Income Reimbursement