

**Department of Planning and Budget**  
**2026 General Assembly Session**  
**State Fiscal Impact Statement**

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**ORIGINAL**

**Bill Number:** HB775 H1

**Patron:** Thornton

**Bill Title:** Removal hearings; foster care; termination of parental rights; status as an Indian child; reasonable efforts; definition; services to families.

**Bill Summary:** As substituted, adds a definition of reasonable efforts for the purposes of hearings relating to the foster care of and petitions for the termination of parental rights over a child. The bill provides that any foster care plans or interim plans that do not include and/or remove the goal of reunification and/or any orders authorizing a disposition that does not reunite the child with his parents, guardian, or other person standing in loco parentis shall be entered only upon a finding by the court that reasonable efforts have been made to achieve reunification.

The bill further directs the Department of Social Services to promulgate new regulations defining types of abuse and neglect, specifying that in situations where neglect is the result of family poverty and there are no outside resources available to the family, the parent or caretaker shall not be determined to have neglected the child, but the local department of social services shall provide appropriate and timely services to the family.

**Budget Amendment Necessary:** Indeterminate      **Items Impacted:** n/a

**Explanation:** The provision of this bill may have an impact on agency expenditures; however, there is insufficient information to generate any specific estimate. See fiscal analysis below.

**Fiscal Summary:** The extent of any fiscal impacts to the Department of Social Services (DSS), the Children's Services Act (CSA), and the Courts system are indeterminate. See fiscal analysis below.

**Fiscal Analysis:** 42 U.S.C. § 671(a)(15) provides that in order for a state to be eligible for Title IV-E federal foster care funding, it must submit a plan that acknowledges that the state will undertake "reasonable efforts" to preserve and reunify families prior to family separation. Currently, federal law does not provide a definition of "reasonable efforts" and leaves this definition to individual states. As substituted, this bill proposes a definition of "reasonable efforts" and directs relevant state agencies, including the Courts system and the Department of Social Services (DSS), to evaluate whether such reasonable efforts have been met during legal and/or foster care processes. The bill further directs DSS to promulgate new regulations defining types of abuse and neglect that exclude situations of family poverty where no outside resources are available. In such situations, the relevant local department of social services (LDSS) is directed to provide appropriate and timely services to the family.

If a definition of "reasonable efforts" is established in state law, DSS expects that this definition will be acknowledged as the state's standard for "reasonable efforts" as it relates to eligibility for Title IV-E funding. 45 C.F.R. § 1356.21(b)(1)(ii) provides that if a judicial determination finds that "reasonable efforts" were not

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made by DSS or LDSS to prevent the removal of a child from his or her home, then the child will not be eligible for Title IV-E foster care maintenance payments for the duration of his or her stay in foster care. If the child in foster care is deemed ineligible for Title IV-E funding, then he or she will need to be supported with other state resources, such as general fund. Funding for non-IV-E foster care children is provided through the Children's Services Act (CSA) and administered by the Office of Children's Services (OCS).

It should be noted that the definition of "reasonable efforts" proposed in the bill refers to "activities and timely efforts" and does not provide further clarification as to the expected response time of LDSS or the scope of activities required. It is unclear how this definition will be uniformly applied across 120 LDSS. Accordingly, any revenue impacts to DSS associated with decreased IV-E collections pursuant to court findings of failure to exercise "reasonable efforts" are indeterminate. Further, DSS is unable to provide a clear estimate of how this bill may increase workload or staffing costs at LDSS in order for LDSS to meet the proposed standard of "reasonable efforts".

The bill also requires DSS to promulgate new regulations requiring LDSS to provide "appropriate and timely services" to families in cases where a report of abuse or neglect has been made but such neglect is found to be the result of family poverty and there are no outside resources available to the family. While it is expected that any cost or workload impacts associated with promulgating regulations can be absorbed within existing resources, it is unknown to what degree this provision may increase LDSS workload or associated costs. Therefore, any impact to DSS or LDSS resulting from this substitute legislation is indeterminate.

As stated above, the CSA program provides funding to non-IV-E foster care children. If a judicial determination finds that LDSS have not demonstrated "reasonable efforts" as it relates to the removal of a child from his or her home, then the child will be ineligible for IV-E foster care maintenance payments and will need to be supported by CSA while he or she is in the foster care system. As stated above, it is relatively unclear how the definition of "reasonable efforts" will be applied in practice. Accordingly, any impacts to CSA associated with an increase in non-IV-E foster care children related to failure to exercise "reasonable efforts" are indeterminate.

CSA also acknowledges that the provisions of the bill requiring LDSS to provide appropriate and timely services to a family experiencing poverty could, in some cases, create instances where CSA funding is utilized to provide services that are intended to prevent the child's entry into foster care. OCS reports that the utilization of CSA funds for these purposes falls outside the intent of the CSA and the precise amount of CSA expenditures that may be made resulting from this provision is unknown.

Any impact on the Courts system is unknown at this time. This fiscal impact statement may be updated if additional information is provided by the Office of the Executive Secretary (OES) of the Supreme Court of Virginia.

**Other:** n/a