

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

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ORIGINAL

Bill Number: HB1490 H2

Patron: Tran

Bill Title: Child abuse or neglect; establishes centralized intake system for reports or complaints.

Bill Summary: As proposed by the Joint Conference Committee, amends several provisions of the Code of Virginia related to the provision of child welfare services.

The bill requires the Department of Social Services (DSS) to establish and maintain a centralized 24/7 hotline capable of receiving reports and complaints of child abuse and neglect, to assess each complaint, and determine the validity of each report and complaint. For any valid complaints, DSS is required to notify the local department of social services (LDSS) of jurisdiction and determine whether the LDSS shall conduct an investigation or family assessment pursuant to existing statute. The bill requires LDSS who receive reports or complaints of abuse and neglect to immediately forward such complaints to the DSS hotline. The bill makes technical updates to existing Code language related to CPS reporting mechanisms to require the use of the DSS hotline. The bill provides for such Code changes to take effect on July 1, 2027; DSS is also required to promulgate any necessary regulations associated with the changes by such date. The bill further directs the centralized intake model to be implemented through a phased-in, gradual approach beginning on July 1, 2028, and concluding on July 1, 2030; as part of such implementation, DSS is granted authority to designate when each locality must comply with the new centralized intake model. Localities are authorized to retain authority to administer intake of child abuse and neglect until July 1, 2028, or until such time as they are directed by the DSS Commissioner to be phased-in to centralized intake, whichever is later.

The bill directs the State Board of Social Services (the Board) to promulgate regulations requiring (i) that LDSS respond to valid reports and complaints alleging suspected abuse or neglect of a child under the age of three within 24 hours of receiving such reports or complaints and (ii) that the Department of Social Services determine the validity of complaints alleging suspected abuse or neglect of children under the age of three and children under the age of 18 with disabilities, as that term is defined in relevant law.

The bill lastly requires DSS to contract with a third party to conduct a comprehensive study and review of the screening process used for CPS complaints across Virginia, and to convene a work group of relevant stakeholders (defined in the bill) to evaluate such recommendations. DSS is required to report on best practices and any recommendations from the study and work group to the Governor and select committees of the General Assembly by December 1, 2026.

Budget Amendment Necessary: No

Items Impacted: Item 333

Explanation: Although this legislation is expected to result in a significant fiscal impact for the Department of Social Services, general fund appropriation and positions addressing the provisions of this bill were provided in the introduced budget. Therefore, no budget amendment is necessary for the current biennium. Other costs included in this analysis may need to be incorporated in a future biennial budget (FY 2029 and subsequent years).

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Fiscal Summary: This legislation is expected to require additional positions and general and nongeneral fund expenditures on the part of the Department of Social Services (DSS). The impacts in the table below are offset by appropriation provided in the proposed budget that addresses the provisions of the bill (Item 333). It is further expected that additional costs will be incurred for the implementation of the centralized intake system starting in FY 2029. See table and fiscal analysis below.

The Senate included costs for the study requirements of this legislation in its amendments to the introduced budget (Item 333 #2s).

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DSS (765) Centralized Intake	-	-	\$2,453,852	\$11,076,613	\$17,510,053	\$18,777,134
DSS (765) Priority Response	-	\$212,046	\$212,046	\$212,046	\$212,046	\$212,046
DSS (765) Work Groups	-	\$500,000	-	-	-	-
TOTAL	-	\$712,046	\$2,665,898	\$11,288,659	\$17,722,099	\$18,989,180

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DSS (765) Work Groups	-	\$500,000	-	-	-	-
TOTAL	-	\$500,000	-	-	-	-

Position Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DSS (765) Centralized Intake	-	-	42.0	113.0	132.0	132.0
TOTAL	-	-	42.0	113.0	132.0	132.0

Fiscal Analysis: This bill proposes multiple interventions related to the provision of child welfare services that are discussed in detail below. Fiscal impact estimates provided in this analysis are reflective of estimates provided by the Department of Social Services (DSS).

Centralized Hotline for Child Abuse and Neglect Reports

The bill establishes a new organizational structure within DSS to centrally coordinate intake and determine validity for all child abuse and neglect reports that are submitted statewide via a 24/7 hotline model. It is

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unclear whether the hotline system established by the conference bill is intended to be synonymous with or an extension of the existing state Child Protective Services 24/7 toll-free hotline; however, DSS maintains that the agency will require additional personnel, technological capacities, and supplies to implement the hotline system as established by the bill. The conference bill requires that the centralized intake model be phased in gradually beginning July 1, 2028, and ending July 1, 2030. The bill also directs that any related regulations and changes to Code language take effect as of July 1, 2027, in order to lay the necessary legal and regulatory groundwork prior to implementation of the centralized intake model.

In FY 2024, 120 local departments of social services (LDSS), the DSS State Hotline, and the Mandated Reporter Portal received a cumulative total of 94,728 reports of child abuse or neglect. DSS reports that call volume is expected to increase in future years, creating a need for additional staff time and attention that exceeds existing resources.

To determine the total number of staff needed to effectively support a centralized hotline system, DSS reviewed factors including the current average wait time on the State Hotline, the current average call handling time, and the current average time needed for an LDSS employee to determine report validity. The agency’s analysis indicates that at least 132 full-time (FTE) positions and 67 part-time positions will be necessary to effectively staff a call center for the centralized hotline system and comply with the validity determination and referral responsibilities as set forth by the bill.

In order to comply with the implementation timeline as set forth by the bill, DSS anticipates that the agency will hire staff in two waves (July and January) of each fiscal year. It is anticipated that hiring will begin in FY 2028 and an initial cohort of staff will begin in January 2028 (halfway through the fiscal year) to allow for sufficient onboarding and training for the first staff cohort prior to commencing initial operations of the centralized intake system on July 1, 2029. DSS states that staff hired prior to implementation of the centralized intake model will be responsible for development of standard operating procedures, system testing, and coordinating workflows with LDSS and partner agencies to ease transition to the centralized model. Once implementation of the centralized intake model begins, DSS anticipates that they will expand to additional LDSS and hire additional staff cohorts biannually (July and January) until full implementation of the centralized intake model is achieved across all 120 LDSS. DSS notes that the selection of LDSS to participate in the phased-in implementation process will be based on a methodology that ensures consistent representation across regions and accounts for agency size.

The following table outlines anticipated staffing levels and LDSS expansion between January 1, 2028 and July 1, 2030:

	January 2028	July 2028	January 2029	July 2029	January 2030	July 2030
New Staff (to be hired)	5 Managers 4 Supervisors 6 Team Leads 2 Quality Assurance 25 Specialists	4 Supervisors 5 Team Leads 2 Quality Assurance 25 Specialists	4 Supervisors 5 Team Leads 1 Quality Assurance 25 Specialists	1 Supervisor 1 Team Lead 8 Specialists 35 Part-Time Specialists	1 Supervisor 1 Team Lead 7 Specialists 32 Part-Time Specialists	

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Total FTE Staff	42	78	113	123	132	132
Total Wage Staff	0	0	0	35	67	67
LDSS Subject to Centralized Intake	0	30	60	90	120	120

Position costs for each year are estimated at \$2,453,852 general fund (GF) in FY 2028, \$10,853,123 GF in FY 2029, \$17,286,563 GF in FY 2030, and \$18,553,644 in FY 2031 and subsequent years. This estimate includes employee salaries, benefits, and non-personnel operating costs (supplies and equipment), as well as one-time training costs for the new employees hired in each year of implementation (both FTE and part-time staff). Position costs for any positions hired in January of a given fiscal year are adjusted to represent costs for two quarters of that year. DSS notes that the listed positions will require a baccalaureate degree based on current professional and occupational regulations, and that employee salaries must be in line with those of positions requiring similar qualifications for effective recruitment.

DSS also estimates that an additional \$223,490 GF will be needed annually beginning in FY 2029 to support information technology needs associated with the centralized intake system. DSS reports that this additional funding will be used to support increases to current hotline contracts, fund critical system enhancements, and support the expansion of translation services and the existing Interactive Voice Response (IVR) system to accommodate additional reports.

Priority Response for Children Under Three

The bill continues to direct that new regulations be promulgated requiring that LDSS respond to valid reports or complaints of child abuse or neglect involving a child under the age of three within 24 hours of receiving such report or complaint. Under current law, LDSS are required to respond to valid reports or complaints of child abuse or neglect within 24 hours if the report or complaint involves a child under the age of two.

In FY 2024, LDSS received a cumulative total of 10,591 valid referrals of alleged abuse or neglect involving a child under the age of three. Of these, 6,378 referrals were categorized as Response Priority 1 under the state differential response system, which already requires a 24-hour response time. Additionally, 4,125 valid referrals were received outside of traditional business hours. The overlap of referrals that were both Response Priority 1 and received after hours totaled 2,728. Consequently, 1,397 referrals (4,125 referrals received after hours minus 2,728 referrals received after hours and Response Priority 1) would now necessitate a 24-hour response from LDSS. The increase in workload created by this legislation is expected to require additional compensation for overtime hours worked.

Each of the 1,397 new referrals is expected to require around three hours of after-hours CPS response. The average overtime compensation rate is \$47 per hour plus FICA taxes, which are estimated at nearly 1.08%. This results in an estimated cost increase of \$212,046 GF beginning in FY 2027 and continuing each year thereafter.

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Child Protective Services Screening Process Study

The conference bill requires DSS to contract with a third party to study and review the screening process used for child protective services complaints across Virginia. A report on the study, best practices, and any associated recommendations is due to the Governor and certain committees of the General Assembly by December 1, 2026. Based on prior agency study costs, DSS anticipates that the cost to contract with a vendor who can execute the study at the required scope will be at least \$1.0 million (\$500,000 GF/\$500,000 nongeneral funds).

It is expected that any potential impacts associated with convening meetings for the evaluative work group mentioned in the bill that is associated with the child protective services study will be minimal and absorbable within existing resources.

Other Possible Costs

This bill requires the Board of Social Services to amend and/or promulgate regulations to reflect the provisions of this bill, including the requirement for LDSS to respond to valid reports and complaints involving children under the age of three within 24 hours of receiving such report or complaint. It is expected that any workload or cost impacts associated with amending or promulgating regulations are minimal and can be absorbed within existing resources.

DSS maintains that the provisions of the bill's third enactment would require LDSS to respond to valid reports and complaints of child abuse or neglect involving a child under the age of 18 with disabilities within 24 hours. However, the provisions of the bill appear to distinguish between the promulgation of regulations requiring LDSS to respond to reports or complaints of child abuse or neglect involving children under the age of three within 24 hours and the promulgation of regulations requiring LDSS to determine the validity of reports or complaints of child abuse or neglect involving a child under the age of three or a child under the age of 18 with disabilities. Should the bill text be understood to include children with disabilities as part of the population requiring a 24-hour response, there will be additional costs to LDSS associated with compensation for overtime hours worked that are not currently included in the cost estimates represented in the introduced budget. Such costs are not currently included in the fiscal impact table but may be included upon additional clarification.

Other: The provisions of this bill are identical to corresponding provisions in SB640.