Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Ways & Means Committee

HB 2263

Brief Description: Reinvesting savings resulting from changes in the child welfare system.

Sponsors: Representatives Kagi, Walsh, Carlyle, Ladenburg, Darneille, Goodman, Fitzgibbon, Jinkins, Roberts, Ryu and Kenney.

Brief Summary of Bill

- Creates a Child and Family Reinvestment Account (Account) to be used to achieve certain outcomes.
- Directs the Department of Social and Health Services Children's Administration (Department) to develop a methodology for calculating savings resulting from decreases in foster care caseload and per capita costs.
- Requires the Department to report the methodology to the Legislature by December 1, 2012.
- Requires the Department to utilize the methodology and calculate savings based on actual foster care caseload and per capita expenditures at the end of each fiscal year beginning with Fiscal Year 2014.
- Requires the State Treasurer to transfer the amount of State General Fund savings calculated by the Department pursuant to the methodology into the Account.
- Specifies that the savings are not subject to the Savings Incentive Account process and the amounts transferred are not subject to the calculations for the expenditure limit.

Hearing Date: 1/23/12

Staff: Melissa Palmer (786-7388).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Department of Social and Health Services Children's Administration (Department) operates Child Protective Services (CPS) that responds to reports of child abuse or neglect. The Department also operates the foster care system for children who are in out-of-home placements with caregivers and the adoption support program for children who have been adopted. Additionally, the Department contracts with multiple private providers for the purchase of various child welfare services, including: individual and group counseling or therapy; group care and behavioral health services; assessments; reunification services; and adoption services.

Foster Care Budgeting.
Budgeting for the foster care costs includes the use of information developed by the Caseload Forecast Council and expenditure data to develop per capita cost estimates. The appropriations for foster care are increased or reduced depending on the forecasted caseload and per capita costs for certain services related to out-of-home care placements. When the foster care caseloads or per capita costs decline, the corresponding state and federal amounts from reduced caseloads are decreased from the Department's budget. The caseload and per capita changes for foster care are adjusted in the maintenance level of the budget.

Title IV-E Federal Funding and Demonstration Waivers.
The federal foster care program is authorized by Title IV-E of the Social Security Act with specific eligibility requirements and fixed allowable uses of funds, as set by the federal government. Funding is awarded by formula as an open-ended entitlement grant and is contingent upon an approved title IV-E plan to administer or supervise the administration of the program. Generally, funds are available for monthly maintenance payments for the daily care and supervision of eligible children in out-of-home care; certain services for eligible children; administrative costs to manage the program; training of staff and foster care providers; recruitment of foster parents; and costs related to the design, implementation and operation of a statewide data collection system. States are required to match the Title IV-E funds with state funds; Washington's federal financial participation rate is 50 percent in federal Fiscal Year 2012.

A state's IV-E claims can increase as the number of children in foster care increases. However, the opposite also occurs: a state's IV-E claims can decrease as its foster care populations decline. Without a waiver, Title IV-E funding cannot be used for prevention services or for services after a family has reunified in order to ensure that the reunification is a safe and permanent one.

The Child and Family Services Improvement and Innovation Act authorized the federal Secretary of Health and Human Services to approve up to 10 new child welfare demonstration projects per year, for federal Fiscal Years 2012-2014, not to last more than five years. The states selected for these demonstration projects must identify one or more specific goals pertaining to increased permanency, reducing time in out-of-home care, and maintaining children safely in their homes.

The Department has convened a workgroup statewide advisory committee to make recommendations to the Children's Administration about the content of the waiver application. The Department plans to submit a completed waiver application by the end of June 2012.

Reinvestment of Foster Care Savings.
Pursuant to Chapter 520, 2009 Laws (2SHB 2106), in February 2011 the Office of Financial Management, working with the Caseload Forecast Council and the Department, released a report to the Legislature regarding reinvesting savings from reduced foster care caseloads into services

to prevent the need for, or reduce the duration of, foster care placements. The report recommended a foster care reinvestment approach where savings would only be available to reinvest if there were statewide savings in the foster care caseload for a fiscal year.

Summary of Bill:

The Child and Family Reinvestment Account (Account) is created and may be used to (1) safely reduce entries and prevent re-entry; (2) safely increase reunifications; (3) achieve permanency for children unable to reunify; and (4) improve outcomes for youth who age out of care. Revenues to the Account consist of savings from reductions in the foster care caseload and per capita costs and other public or private funds.

The Department of Social and Health Services Children's Administration (Department), in collaboration with the Office of Financial Management (OFM) and Caseload Forecast Council (CFC), must develop a methodology for calculating state savings for deposit into the Account for the 2013-15 biennium. The methodology must include any relevant provision of a federal Title IV-E demonstration waiver. If the state does not receive a waiver, the methodology must use the appropriated funding for foster care in state Fiscal Year 2013 as the baseline and maintain that baseline for five years. The savings calculation must be based on actual caseload and per capita expenditures.

The Department must report to the Legislature by December 1, 2012, and the methodology is deemed approved unless the Legislature enacts legislation to modify or reject it. Once the savings methodology is established, the Department must use it at the end of each fiscal year to calculate State General Fund savings to be transferred to the Account by the State Treasurer. The Department must report the savings to the Legislature and the OFM.

The bill does not prohibit the CFC from forecasting the foster care caseload or the Department from including maintenance funding in its budget submittal for caseload costs that exceed the baseline.

The savings calculated by the Department are not subject to the Savings Incentive Account process and the amounts transferred into the Child and Family Reinvestment Account are not subject to calculations for the expenditure limit.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.