SENATE BILL REPORT
SHB 2263

As of February 22, 2012

Title: An act relating to reinvesting savings resulting from improved outcomes in the child welfare system.

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

Sponsors: House Committee on Ways & Means (originally sponsored by Representatives Kagi, Walsh, Carlyle, Ladenburg, Darneille, Goodman, Fitzgibbon, Jinkins, Roberts, Ryu and Kenney).

Brief History: Passed House: 2/13/12, 59-38.
Committee Activity: Human Services & Corrections: 2/23/12.

SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS

Staff: Jennifer Strus (786-7316)

Background: Foster Care Budgeting. Budgeting for the foster care costs includes the use of information developed by the Caseload Forecast Council (CFC) 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 the Department of Social and Human Services' (DSHS) 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 must match the Title IV-E funds with state funds; Washington's federal financial participation rate is 50 percent in federal fiscal year 2012.

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.

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

<u>Reinvestment of Foster Care Savings.</u> In response to provisions contained in HB 2106, the Office of Financial Management (OFM), working with CFC and DSHS, released a report to the Legislature in February 2011 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.

The Joint Legislative Audit Review Committee (JLARC) conducts sunset reviews, which assess the effectiveness and performance of a program or agency. The JLARC sunset reviews include a recommendation to either retain the program or agency as-is, modify the program or agency, or allow the program or agency to terminate.

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.

DSHS Children's Administration, in collaboration with OFM and the 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.

DSHS 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, DSHS 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. DSHS must report the savings to the Legislature and OFM.

Nothing prohibits CFC from forecasting the foster care caseload or DSHS from including maintenance funding in its budget submittal for caseload costs that exceed the baseline. The savings calculated by DSHS are not subject to the Savings Incentive Account process. The transfers into the Account are not subject to calculations for the expenditure limit.

The Joint Legislative Audit Review Committee must conduct a sunset review of the bill.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.