



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 27, 2014

S. 1870 **Supporting At-Risk Children Act**

*As reported by the Senate Committee on Finance
on December 19, 2013*

SUMMARY

S. 1870 would make numerous changes to programs for children and families within the Department of Health and Human Services (HHS). Among those changes, the bill would extend funding for Family Connection Grants, impose new placement and reporting rules in foster care, and require states to provide services so that unmarried parents could establish visitation agreements when setting up their child-support order.

CBO estimates that enacting the bill would increase direct spending by \$487 million over the 2014-2024 period; therefore, pay-as-you-go procedures apply to the bill. Enacting S. 1870 would not affect revenues.

In addition, CBO estimates that implementing the bill would have a discretionary cost of \$125 million over the 2014-2024 period, assuming appropriation of the authorized amounts.

S. 1870 would impose intergovernmental mandates, as defined in the Unfunded Mandates Reform Act (UMRA), by increasing the stringency of conditions on state governments in their implementation of the Foster Care, Adoption Assistance, and Child Support Enforcement programs. CBO estimates, however, that the cost of the mandates would not exceed the threshold established in UMRA for intergovernmental mandates (\$76 million in 2014, adjusted annually for inflation). The bill contains no private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1870 is shown in the following table. The costs of this legislation fall within budget functions 500 (education, training, employment, and social services) and 600 (income security).

By Fiscal Year, in Millions of Dollars

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014-	2014-
												2019	2024

CHANGES IN DIRECT SPENDING

Parenting Time

Arrangements

Estimated Budget Authority	0	15	32	33	35	36	37	39	41	42	44	151	354
Estimated Outlays	0	15	32	33	35	36	37	39	41	42	44	151	354

Identity Documents for

Youth in Foster Care

Estimated Budget Authority	0	4	5	7	7	7	7	6	6	6	6	30	61
Estimated Outlays	0	4	5	7	7	7	7	6	6	6	6	30	61

Family Connection Grants

Estimated Budget Authority	15	15	15	0	0	0	0	0	0	0	0	45	45
Estimated Outlays	*	10	14	15	5	1	0	0	0	0	0	45	45

Child Support for Youth in

Foster Care

Estimated Budget Authority	*	3	3	3	3	3	3	3	3	3	3	15	30
Estimated Outlays	*	3	3	3	3	3	3	3	3	3	3	15	30

**Foster Care and
Guardianship Assistance**

Estimated Budget Authority	*	*	*	*	*	-1	-1	-1	-1	-1	-1	-1	-7
Estimated Outlays	*	*	*	*	*	-1	-1	-1	-1	-1	-1	-1	-7

**Data Collection and
Reporting Requirements**

Estimated Budget Authority	0	2	2	1	0	0	0	0	0	0	0	5	5
Estimated Outlays	0	2	2	1	0	0	0	0	0	0	0	5	5

**Compliance with
Multilateral Child Support
Conventions**

Estimated Budget Authority	*	*	*	*	*	*	*	*	*	*	*	*	-1
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	*	*	-1

**Total Changes in
Direct Spending**

Estimated Budget Authority	15	39	57	44	45	45	46	47	49	50	52	245	487
Estimated Outlays	*	34	56	59	50	46	46	47	49	50	52	245	487

CHANGES IN SPENDING SUBJECT TO APPROPRIATION

Authorization Level	43	43	43	0	0	0	0	0	0	0	0	129	129
Estimated Outlays	15	36	41	27	6	*	0	0	0	0	0	125	125

Notes: Components may not sum to totals because of rounding.

* = between -\$500,000 and \$500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted in 2014, that the authorized amounts will be appropriated for each year, and that outlays will follow historical spending patterns for the programs.

Direct Spending

In total, CBO estimates that enacting S. 1870 would increase direct spending by \$487 million over the 2014-2024 period.

Parenting Time Arrangements. Section 314 would require states to provide services so that unmarried parents could establish visitation agreements when setting up their child-support order. (Divorcing parents often establish parenting time arrangements as part of their divorce proceedings in family court.) According to HHS, the majority of the 1.2 million child-support orders established each year are for children whose parents were not married at the time of their birth. Based on information from the Office of Child Support Enforcement, CBO anticipates states would establish around 750,000 parenting time arrangements each year. CBO expects an average federal cost of around \$50 per arrangement, as the federal government reimburses states for 66 percent of their costs to administer the child support program. As a result, enacting section 314 would increase direct spending by about \$350 million over the 2014-2024 period, CBO estimates.

Identity Documents for Youth in Foster Care. Section 222 would require states to ensure that certain youth have a birth certificate, Social Security card, state identification document or driver's license, and (if desired) bank account before exiting foster care. The bill also would require HHS to penalize states that do not comply by reducing the federal reimbursement to such states for foster-care administrative expenses. CBO expects that states would achieve a high level of compliance given the potentially significant penalties—but that those penalties nonetheless would amount to several million dollars per year, partially offsetting the federal costs for implementing this provision. Based on data from the Department of Homeland Security, Social Security Administration, state motor-vehicle and vital-records agencies, and HHS, CBO estimates that on net, enacting section 222 would increase direct spending by about \$60 million over the 2014-2024 period.

Family Connection Grants. Section 121 would appropriate \$15 million for each year from 2014 through 2016 for Family Connection grants to assist children who are either in foster care or at risk of entering foster care to re-establish connections with family members. Based on historical patterns of spending in the program, CBO estimates that extending the program for those years would increase direct spending by \$45 million

over the 2014-2024 period, with most of those outlays falling in fiscal years 2015 through 2017.

Child Support for Youth in Foster Care. Section 212 would require states to pass through child-support collections to specified youth in foster care who are age 14 or older instead of retaining those collections to reimburse the state and federal government for foster-care payments on the child's behalf. Based on data from the Adoption and Foster Care Analysis and Reporting System and HHS, CBO estimates that enacting this provision would increase direct spending by \$30 million over the 2014-2024 period.

Foster Care and Guardianship Assistance. Section 116 would preserve a child's eligibility for a kinship guardian assistance payment if his relative guardian were replaced, because of death or incapacity, with a successor legal guardian named in the kinship guardian agreement. Based on the difference in federal costs for eligible children in kinship guardianships and other child-welfare placements, CBO estimates that this provision would decrease direct spending by \$7 million over the 2014-2024 period.

Data Collection and Reporting Requirements. Sections 117 and 231 would require states to collect in their child-welfare information systems certain data about disrupted or dissolved adoptions and guardianships and trafficking victims. Based on information from state child-welfare and information-technology agencies and from HHS about likely programming and implementation costs and federal reimbursement rates, CBO estimates that enacting those two provisions would increase direct spending by \$5 million over the 2014-2024 period.

Compliance with Multilateral Child Support Conventions. Section 311 would implement the Hague Convention on the International Recovery of Child Support and Other Forms of Family Maintenance, to which the U.S. Senate gave its consent in September 2010. The bill would simplify some administrative steps related to enforcing child support orders involving another treaty nation. CBO estimates that implementing section 311 would reduce direct spending by \$1 million over the 2014-2024 period.

Other Provisions. Additionally, S. 1870 includes several provisions whose net effect on direct spending would not be significant.

- *Improving Collection of Unemployment Insurance Overpayments.* Section 131 would require states to use the Treasury Offset Program to seek to recover overpayments of unemployment compensation. However, a nearly identical provision that targets substantially the same overpayments was enacted in December as part of the Bipartisan Budget Act of 2013 (Public Law 113-67). Consequently, CBO expects that section 131 would have little or no additional effect on the budget.

- *Identifying and Screening Trafficking Victims.* Section 211 would require states to attest in their state plan for child welfare that they have developed and are implementing policies to identify, screen, and provide services to child trafficking victims. Based on conversations with numerous state officials about existing state laws and policies regarding victims of trafficking, CBO estimates that enacting section 211 would not significantly affect direct spending by the federal government.
- *Planned Permanent Living Arrangements for Youth in Foster Care.* Several provisions in section 212 would make changes to Title IV-E of the Social Security Act to encourage or require states to seek reunification with parents, adoption, or placement with a legal guardian as the planned permanent living arrangement for youth in foster care age 14 or older. Consequently, some youth could be placed in a living arrangement with a higher cost to the federal government (such as remaining in federally reimbursed foster care instead of being emancipated from foster care), while others could be placed in a lower-cost setting (such as a kinship guardianship instead of foster care). Based on information from several states and HHS, CBO estimates that the effects of those provisions in section 212 would roughly offset each other and thus would not have a significant net effect on direct spending.
- *Advisory Committee and Task Force.* Sections 241 and 321 would establish an advisory committee and task force to be funded from unobligated balances in a particular Census Bureau account. CBO estimates that insufficient unobligated balances exist to fund the committee and task force. Furthermore, CBO projects that all of the funds that will be made available in future years will be spent, leaving no unobligated balances to use for those new purposes. Therefore, enacting sections 241 and 321 would have no effect on direct spending.

Spending Subject to Appropriation

The bill would reauthorize and amend the Adoption Incentives program through 2016. This program provides payments to states for increasing, within different categories, the number of children they place in adoption each year above baseline standards. The bill would authorize the appropriation of \$43 million each year from 2014 through 2016. Based on historical patterns of spending in the program, CBO estimates that implementing the reauthorization would cost \$15 million in 2014 and \$125 million over the 2014-2019 period, assuming the appropriation of the authorized amounts. The bulk of that spending would occur in fiscal years 2014 through 2017.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for S. 1870 as ordered reported by the Senate Committee on Finance on December 19, 2013

	By Fiscal Year, in Millions of Dollars												
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014-2019	2014-2024
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	34	56	59	50	46	46	47	49	50	52	245	487

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

For large entitlement grant programs like Foster Care, Adoption Assistance, and Child Support Enforcement, UMRA defines an increase in the stringency of conditions on states or localities as an intergovernmental mandate if the affected governments lack authority to offset those costs while continuing to provide required services. Under the Foster Care and Adoption Assistance programs, the bill would require states to comply with new standards for collecting and reporting program information to federal authorities. States also would be required to ensure that a child who leaves foster care receives a copy of his or her official birth certificate, a Social Security card, and a driver’s license or identification card, and that the child is able to open an account at a bank or credit union. S. 1870 also would require states to implement procedures for establishing voluntary visitation arrangements at the time a child support order is initiated.

Since these requirements would be additional conditions for receiving federal assistance from large entitlement programs and since states have limited flexibility to amend their responsibilities under those programs to offset the additional costs, the requirements would be intergovernmental mandates. CBO estimates the costs to states to comply with the mandates would total more than \$50 million by 2018 but would not exceed the threshold established in UMRA for intergovernmental mandates (\$76 million in 2014,

adjusted annually for inflation). The bill contains no private-sector mandates as defined in UMRA.

CBO has not reviewed section 311 for intergovernmental or private-sector mandates because section 4 of UMRA excludes from the application of that act any legislative provisions that are necessary for the ratification or implementation of international treaty obligations. CBO has determined that section 311 falls within that exclusion.

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