



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 2, 2014

H.R. 4058 **Preventing Sex Trafficking and Improving Opportunities** **for Youth in Foster Care Act**

As ordered reported by the House Committee on Ways and Means on April 29, 2014

SUMMARY

H.R. 4058 would make several changes to the Title IV-E foster care program within the Department of Health and Human Services (HHS), including imposing new placement and reporting rules.

CBO estimates that enacting the bill would increase direct spending by \$3 million over the 2014-2024 period; therefore, pay-as-you-go procedures apply to the bill. Enacting H.R. 4058 would not affect revenues. Implementing the bill would not affect spending subject to appropriation.

H.R. 4058 would impose intergovernmental mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on state governments by increasing the stringency of conditions in their implementation of the foster care program. 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 H.R. 4058 is shown in the following table. The costs of this legislation fall within budget function 600 (income security).

	By Fiscal Year, in Millions of Dollars												2014-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2019	2024	
CHANGES IN DIRECT SPENDING														
Estimated Budget Authority	0	1	1	1	0	0	0	0	0	0	0	3	3	
Estimated Outlays	0	1	1	1	0	0	0	0	0	0	0	3	3	

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted in 2014.

Data Collection and Reporting Requirements

Sections 102 and 301 would require states to collect and include in their child-welfare information systems certain data about trafficking victims. Based on information from state child-welfare and information-technology agencies and from HHS about likely up-front programming and implementation costs and federal reimbursement rates, CBO estimates that enacting those two provisions would increase direct spending by \$3 million over the 2015-2017 period.

Planned Permanent Living Arrangements for Youth in Foster Care

Several provisions in section 202 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 202 would roughly offset each other and thus would not have a significant net effect on direct spending.

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 H.R. 4058 as ordered reported by the House Committee on Ways and Means on April 29, 2014

	By Fiscal Year, in Millions of Dollars												2014-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2019	2024	
NET INCREASE IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	1	1	1	0	0	0	0	0	0	0	3	3	

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

For large entitlement grant programs like foster care, UMRA defines an increase in the stringency of conditions as an intergovernmental mandate if the affected governments lack authority to offset those costs while continuing to provide required services. The bill would require states to ensure that foster care providers comply with new standards that establish reasonable and prudent parenting practices, and it would require states to collect and report additional information to federal authorities.

Since these requirements would be additional conditions for receiving federal assistance from a large entitlement program and since states have limited flexibility to amend their responsibilities under the foster care program to offset the additional costs, the requirements would be intergovernmental mandates. Information gathered by CBO indicates either that states already comply with similar requirements or that the costs of additional requirements would be small. Consequently, CBO estimates the costs of the mandates would not exceed the intergovernmental threshold established in UMRA (\$76 million in 2014, adjusted annually for inflation).

H.R. 4058 contains no private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATE

On January 27, 2013, CBO transmitted a cost estimate for S. 1870, the Supporting At-Risk Children Act, as reported by the Senate Committee on Finance on December 19, 2013. That bill included a second provision, not contained in H.R. 4058, regarding data collection and reporting requirements. CBO estimated the cost of the data collection and reporting requirements in S. 1870 would be \$5 million over the 2014-2024 period. S. 1870 also included several other provisions that are not included in H.R. 4058 that would affect direct spending.

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