



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 11, 2006

S. 3525 **Child and Family Services Improvement Act of 2006**

*As cleared by the Congress on September 26, 2006,
and signed by the President on September 28, 2006*

SUMMARY

S. 3525 (Public Law 109-288) amends part B of title IV of the Social Security Act to reauthorize various child welfare programs and to direct that some of the authorized funding be used to support monthly caseworker visits for foster children and services for children affected by methamphetamine or other substance abuse.

Some of the child welfare programs reauthorized by the law are categorized as direct spending. As required by the Deficit Control Act, the costs of extending those mandatory programs—\$1.4 billion over the 2007-2011 period—were already included in CBO's baseline projections. The law will not change total direct spending or revenues over the 2007-2011 period, relative to those baseline projections, but CBO estimates that it will change spending slightly in each year.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the S. 3525 is shown in the following table. The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

BASIS OF ESTIMATE

Public Law 109-288 amends and reauthorizes the Promoting Safe and Stable Families (PSSF) program, Child Welfare Services (CWS), and the Mentoring Children of Prisoners program. Prior to enactment of this act, PSSF was authorized through fiscal year 2006, and received both mandatory and discretionary funding. The law reserves a portion of those

funds for grants to states to support monthly visits to foster children by caseworkers and for competitive grants aimed at increasing the well-being of children affected by methamphetamine and other substance abuse.

	By Fiscal Year, in Millions of Dollars				
	2007	2008	2009	2010	2011
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	0	*	*	*	*
Estimated Outlays	-10	5	3	2	*

Memorandum:

Direct Spending from Program Extensions Assumed in CBO's Baseline					
Estimated Budget Authority	345	345	345	345	345
Estimated Outlays	93	283	328	345	345

NOTES: * = less than \$500,000.

For 2006, mandatory funding of \$305 million was included in appropriations for the Department of Health and Human Services. The Deficit Reduction Act of 2005 subsequently boosted the authorization for the mandatory portion of the PSSF from \$305 million to \$345 million, but did not actually appropriate the additional \$40 million. Because section 257 of the Deficit Control Act requires that the funding for most mandatory programs that expire during the projection period be extended in the baseline, CBO's baseline projections include \$345 million in PSSF spending annually through 2016. Consequently, the reauthorization of PSSF through 2011 will not affect direct spending relative to CBO's baseline.

Public Law 109-288 appropriates the additional \$40 million in 2006 funding that was originally authorized in the Deficit Reduction Act of 2005 (those costs were incorporated into CBO's baseline at that time). Those funds are made available through fiscal year 2009—two years longer than is generally the case for this program. As a result, CBO estimates that outlays for fiscal year 2007 will be lower by \$10 million but outlays for fiscal years 2008 through 2010 will be higher by the same amount. Thus, CBO does not expect total outlays to change over that period.

Two provisions in the law that amend the CWS program could result in added costs for the federal program that provides federal matching funds to states for foster care and adoption assistance. One of the provisions restricts the amount of funds that can be spent from the

CWS grants for foster care, adoption assistance, and child care activities. Although the vast majority of CWS funds that are spent on such activities go to expenses that would not be reimbursable under the federal program for foster care and adoption assistance, it is possible that the new restriction could result in increased claims under that program. The federal cost of any additional claims is likely to be less than \$500,000 each year, CBO estimates. We estimate that this change will have no effect on mandatory spending for child care activities.

The other provision requires states to include standards in their state plans for monthly visits by caseworkers to children under the care of the state. If states do not report on the frequency of such visits by 2008, they will not receive their CWS grants. CBO assumes states will make those reports. In addition, states will need to make requisite progress toward making monthly visits to at least 90 percent of their children in foster care or else they will face a higher match rate—up to 30 percent instead of the current 25 percent—on the CWS grants. Although the vast majority of states currently have monthly visitation standards, some states require visits less frequently. In addition, not all states that have monthly visitation standards meet those standards. The law will provide some resources toward improving the number of monthly visits under the mandatory PSSF grants. However, some states might find it necessary to spend additional resources in order to meet the more stringent standards. To the extent that a portion of those costs could be charged to the federal program that subsidizes foster care, federal costs could increase. On the other hand, states might opt to meet the higher match rate by allocating monies they are already spending to this activity. CBO estimates that any effect on the federal IV-E foster care program from this provision will be less than \$500,000 each year.

PREVIOUS CBO ESTIMATE

CBO transmitted a cost estimate for this act—an amendment to the introduced version of S. 3525—on September 18, 2006. The estimated impact of the legislation on direct spending was the same as shown above.

On June 21, 2006, CBO transmitted a cost estimate for S. 3525, the Improving Outcomes for Children Affected by Meth Act of 2006, as ordered reported by the Senate Committee on Finance on June 8, 2006. That bill did not address the authorization of CWS, and would have authorized the Mentoring Children of Prisoners program at \$67 million per year from 2007 through 2011, as compared to the authorization of such sums as may be necessary in this act.

On July 10, 2006, CBO transmitted a cost estimate for H.R. 5640, the Child and Family Services Improvement Act of 2006, as ordered reported by the House Committee on Ways and Means. That estimate contained authorization levels similar to those in this act, though individual provisions of the bills were different.

ESTIMATE PREPARED BY:

Christina Hawley Anthony and Jonathan Morancy

ESTIMATE APPROVED BY:

Robert A. Sunshine
Assistant Director for Budget Analysis