



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 19, 2006

H.R. 5403 **Safe and Timely Interstate Placement of Foster Children Act of 2006**

As introduced on May 17, 2006

H.R. 5403 would amend the Social Security Act to require states that receive foster care payments under the federal IV-E program to meet certain requirements when placing children in adoptive or foster homes in other states. The bill would require states receiving requests from other states to assess the suitability of placing a child in a home to complete such studies within 60 days (states may be granted up to 75 days, under certain circumstances).

Estimated Cost to the Federal Government

The bill would authorize appropriations of \$10 million in each of fiscal years 2007 through 2010 to provide incentive payments to states that complete home studies within 30 days. For each home study completed within the 30-day period, a state would receive a payment of up to \$1,500. (That amount could be reduced on a pro-rata basis if the appropriation is insufficient to cover the number of eligible placements.) Assuming appropriation of the authorized amounts, enacting H.R. 5403 would result in increased outlays of up to \$40 million over the 2007-2011 period. Those costs would fall within budget function 600 (income security).

The bill's effect on direct spending is less clear. Provisions of the bill might lead to faster placement of foster children in permanent homes out of state, thus resulting in savings to the federal government by reducing the sending state's claims for foster care expenses under the IV-E program. (The federal government will spend about \$6.6 billion on that program this year.) On the other hand, a receiving state might expedite work on an interstate placement in order to meet the requirements of this bill, and, as a result, some of its in-state foster children could remain in foster homes longer, resulting in increased IV-E claims. Furthermore, if states employ greater use of private contractors (as the bill would encourage) in order to complete the home studies in a timely manner, and are able to claim those costs under the IV-E program, federal costs could likewise increase. CBO expects that the net effect on mandatory spending would not be significant.

Intergovernmental and Private-Sector Impact

The requirement to complete home studies for the interstate placement of children in foster and adoptive homes within 60 days would be an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA). States would have to devote more personnel to shortening the length of time it takes to complete home studies, or they would have to contract with private entities to carry out the home studies within the 60-day deadline. In either case, they would need to spend additional resources. CBO estimates, however, that the costs of the mandate would not exceed the threshold established in UMRA (\$64 million in 2006, adjusted annually for inflation).

UMRA specifies criteria for identifying intergovernmental mandates in large entitlement grant programs (those that provide more than \$500 million annually to state, local, or tribal governments), including foster care. If a legislative proposal would increase the stringency of conditions of assistance, such a change would be considered an intergovernmental mandate if the state, local, or tribal government lacks authority to offset the costs by amending its financial or programmatic responsibilities to continue providing required services. The foster care program is relatively narrow in scope, and its primary goal is to place children in safe home settings. Consequently, the foster care program does not afford states much flexibility, so the new requirements for foster care programs would be intergovernmental mandates as defined in UMRA.

This bill contains no private-sector mandates as defined in UMRA.

This estimate was prepared by Christina Hawley Anthony (federal costs), Leo Lex (the impact on state, local, and tribal governments), and Molly Dahl (the private-sector impact). The estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.