



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 18, 2006

Proposed Amendment to S. 3525 Child and Family Services Improvement Act of 2006

As provided to CBO on September 15, 2006

SUMMARY

The proposed substitute amendment to S. 3525 would amend 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 to services for children affected by methamphetamine or other substance abuse. The bill would increase authorization levels by \$1 billion over the 2007-2011 period, and, assuming the appropriation of the authorized amounts, would result in additional discretionary outlays of \$780 million over the same period, CBO estimates.

Certain child welfare programs categorized as direct spending also would be reauthorized by the bill. As required by the Deficit Control Act, the costs of extending those mandatory programs—\$1.4 billion over the 2007-2011 period—are already included in CBO's baseline projections. Enacting the proposed amendment would not change total direct spending for the 2007-2011 period, relative to those baseline projections, but CBO estimates that it would change spending slightly in each year.

The proposed amendment to S. 3525 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs they incur would result from complying with conditions of federal assistance.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

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

	By Fiscal Year, in Millions of Dollars					
	2006	2007	2008	2009	2010	2011

CHANGES IN DIRECT SPENDING

Estimated Budget Authority	0	0	*	*	*	*
Estimated Outlays	0	-10	5	3	2	*

CHANGES IN SPENDING SUBJECT TO APPROPRIATION

Authorization Level	0	200	200	200	200	200
Estimated Outlays	0	40	150	190	200	200

Memorandum:

Direct Spending from Program Extensions Assumed in CBO's Baseline

Estimated Budget Authority	n.a.	345	345	345	345	345
Estimated Outlays	n.a.	93	283	328	345	345

NOTES: n.a.= not applicable; * = less than \$500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the end of fiscal year 2006, and that the authorized amounts will be appropriated for fiscal year 2007 and subsequent years. The estimated outlays reflect historical spending patterns for these programs.

The proposal would amend and reauthorize the Promoting Safe and Stable Families (PSSF) program, Child Welfare Services (CWS), and the Mentoring Children of Prisoners program. PSSF is currently authorized through fiscal year 2006, and receives both mandatory and discretionary funding. Funding for the mandatory part of PSSF is \$345 million for fiscal year 2006; the discretionary portion received an appropriation of \$89 million for this year. Reauthorization of PSSF would have no effect on direct spending relative to CBO's baseline because those mandatory costs are already assumed in the baseline as required by section 257 of the Deficit Control Act.

The other two programs affected by this proposal—CWS and the Mentoring Children of Prisoners program—are permanently authorized. CWS is authorized at \$325 million per year, while the Mentoring Children of Prisoners program is authorized at “such sums as may

be necessary.” The programs received funding for 2006 of \$287 million and \$49 million, respectively.

Direct Spending

The proposed amendment to S. 3525 would reauthorize mandatory grants under the PSSF program at the authorized 2006 funding level of \$345 million for each of the fiscal years 2007 through 2011. Under the procedures specified in section 257 of the Deficit Control Act, the costs of extending PSSF at that \$345 million annual level are assumed in CBO’s baseline. The proposed amendment would reserve 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.

The amendment also would provide \$40 million in 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 would be 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 would be lower by \$10 million but outlays for fiscal years 2008 through 2010 would be higher by the same amount. Thus, CBO does not expect total outlays to change over that period.

Two provisions in the proposal 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 would restrict the amount of funds that could 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 proposed 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. CBO estimates that this change would have no effect on mandatory spending for child care activities.

The other provision would require 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 would not receive their CWS grants. CBO assumes states would make those reports. In addition, states would need to make requisite progress toward making monthly visits to at least 90 percent of their children in foster care or else they would 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 bill would 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 would be less than \$500,000 each year.

Spending Subject to Appropriation

The proposed amendment would reauthorize discretionary grants under Title IV-B of the Social Security Act, including the PSSF program, CWS, and the program for mentoring children of prisoners. PSSF currently is authorized through fiscal year 2006. The other programs are permanently authorized.

Promoting Safe and Stable Families. The proposed amendment to S. 3525 would authorize appropriations for the discretionary PSSF grants at \$200 million annually from 2007 through 2011, for a total of \$1 billion over that five-year period. Based on historical spending rates for the program, CBO estimates that resulting outlays would total \$780 million over the 2007-2011 period.

Child Welfare Services. The proposal would authorize the appropriation of \$325 million for fiscal years 2007 through 2011 for grants to states for child welfare services. Such grants are permanently authorized at that level under current law. Thus, the proposed change would not alter authorizations over the next five years for CWS.

Mentoring Children of Prisoners. The proposal would authorize the appropriation of such sums as may be necessary for the Mentoring Children of Prisoners program from 2007 through 2011. The program, which is permanently authorized, received an appropriation of \$49 million for fiscal year 2006. Because the bill would not change the current-law authorization for this program, CBO estimates that its enactment would result in no change for the 2007-2011 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 3525 contains no intergovernmental or private-sector mandates as defined in UMRA. State, local, and tribal governments would benefit from grant funds authorized in the bill. Any costs they incur from increased reporting of data would result from complying with conditions of federal assistance.

PREVIOUS CBO ESTIMATE

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 does not address the authorization of CWS, and would authorize the Mentoring Children of Prisoners program at \$67 million per year from 2007 through 2011, as compared with the authorization of such sums as may be necessary in this amendment to S. 3525. In addition, CBO transmitted a cost estimate for H.R. 5640 on July 10, 2006. That estimate contained authorization levels similar to those in this proposed amendment, though individual provisions of the bills are different.

ESTIMATE PREPARED BY:

Federal Costs: Christina Hawley Anthony and Jonathan Morancy
Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum
Impact on the Private Sector: Paige Shevlin

ESTIMATE APPROVED BY:

Robert A. Sunshine
Assistant Director for Budget Analysis