



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 21, 2016

### **H.R. 4472** **Modernizing the Interstate Placement of Children in Foster Care Act**

*As ordered reported by the House Committee on Ways and Means  
on March 16, 2016*

#### **SUMMARY**

H.R. 4472 would amend title IV of the Social Security Act to require states, no later than October 1, 2026, to develop an automated system that would facilitate the placement of children in foster care, guardianship, or adoptive homes across state lines. The legislation also would authorize the appropriation of \$200 million in 2017 for a program called Promoting Safe and Stable Families (PSSF) administered by the Department of Health and Human Services (HHS). Of that amount, \$5 million would be reserved for HHS to make grants to states and tribal entities to develop the processing system. CBO estimates that implementing this legislation would cost \$200 million over the 2017-2021 period, assuming appropriation of the authorized amount.

Because enacting the bill could affect direct spending, pay-as-you-go procedures apply; however, the increased spending would not be significant, CBO estimates. Enacting H.R. 4472 would not affect revenues. CBO estimates that enacting H.R. 4472 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 4472 would impose intergovernmental mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on state governments because it would increase the stringency of conditions in the foster care program. CBO estimates, however, that the cost of the mandates would not exceed the threshold established in UMRA for intergovernmental mandates (\$77 million in 2016, adjusted annually for inflation). The bill contains no private-sector mandates as defined in UMRA.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of this legislation 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					2017- 2021
	2017	2018	2019	2020	2021	
<b>INCREASES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Authorization Level	200	0	0	0	0	200
Estimated Outlays	64	110	22	2	2	200

## BASIS OF ESTIMATE

CBO assumes that H.R. 4472 will be enacted near the start of 2017 and that the amount authorized will be appropriated that year. Outlays are estimated based on historical spending patterns for the PSSF program. The current authorization for that program expires at the end of 2016; \$60 million was appropriated for the program in 2016.

Currently, under title IV-E of the Social Security Act, the federal government reimburses states for a portion of their spending on administrative activities, including the development of information technologies. To the extent that enacting this legislation increases state spending on the development and implementation of an automated processing system, direct spending for reimbursements would increase. However, based on information from HHS, CBO expects that most states have already begun to develop an automated processing system and nearly all will have such a system in place by the end of fiscal year 2026. Accordingly, CBO estimates that any additional spending by states to comply with the bill's deadline for completing the automated system would not be significant.

## 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. H.R. 4472 would affect direct spending as states increase spending to develop and implement an automated

system required under this bill. However, CBO estimates that any such additional spending would total less than \$500,000 over the 2017-2026 period.

## **INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS**

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

The bill would require states by October 1, 2016, to implement an electronic system for processing the placement of children in foster care, guardianship, or adoptive homes across state lines. For large entitlement grant programs like Foster Care and Adoption Assistance, 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. Federal assistance to states for administrative costs and flexibility in the program are both limited, so the new requirements would be intergovernmental mandates.

Most states are already in the process of implementing electronic systems using existing resources, and CBO estimates that, in absence of this bill, nearly all states would have systems established by the end of fiscal year 2026. Therefore, CBO estimates that any additional costs to states would be insignificant and fall well below the threshold established in UMRA (\$77 million in 2016, adjusted annually for inflation).

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

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