



**CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE**

November 24, 1997

H.R. 867

Adoption and Safe Families Act of 1997

As cleared by the Congress on November 13, 1997.

SUMMARY

H.R. 867 would make changes to Title IV, Part E of the Social Security Act, which deals with federal payments for foster care and adoption assistance. The bill has several provisions designed to reduce the amount of time spent by children in foster care settings and to move these children more quickly into permanent settings, such as adoptive homes.

Two provisions of this bill would produce budgetary savings by speeding up adoptions. These provisions would require states to make reasonable efforts to move children toward adoption and to initiate the termination of parental rights for children who have been in foster care for 15 of the previous 22 months. Limiting the contingency fund for state welfare programs would reduce outlays as well.

Three provisions would increase direct spending. These provisions would reauthorize and increase spending on the family preservation and support program, require states to provide health insurance to adopted children with special needs, and allow for the continued eligibility for federal adoption assistance payments for children whose adoptions have been disrupted.

Overall, CBO estimates that H.R. 867 would decrease outlays by \$1 million over the 1998-2002 period. The act would have no effect on receipts.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Table 1. Estimated Budgetary Effects of the Adoption and Safe Families Act of 1997
(By fiscal year, in millions of dollars)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Foster Care and Adoption Assistance										
Section 101—Clarification of the Reasonable Efforts										
Estimated Budget Authority	-2	-3	-5	-5	-5	-5	-5	-5	-5	-5
Estimated Outlays	-2	-3	-5	-5	-5	-5	-5	-5	-5	-5
Section 103—Initiation of Termination of Parental Rights										
Estimated Budget Authority	0	^a	-3	-5	-8	-8	-9	-9	-9	-10
Estimated Outlays	0	^a	-3	-5	-8	-8	-9	-9	-9	-10
Section 307—Eligibility for Adoption Assistance Payments on Behalf of Children Whose Initial Adoption Has Been Dissolved										
Estimated Budget Authority	0	1	1	2	2	3	4	4	5	6
Estimated Outlays	0	1	1	2	2	3	4	4	5	6
Family Preservation and Support										
Section 305—Reauthorization and Expansion of Family Preservation and Support										
Estimated Budget Authority	0	12	24	26	18	9	1	-9	-19	-29
Estimated Outlays	0	4	14	23	23	16	8	-1	-11	-21
Medicaid										
Section 306—Health Insurance Coverage for Children with Special Needs										
Estimated Budget Authority	1	1	1	1	1	1	1	1	1	1
Estimated Outlays	1	1	1	1	1	1	1	1	1	1
Contingency Fund										
Section 404—Temporary Adjustment of Contingency Fund for State Welfare Programs										
Estimated Budget Authority	-2	-9	-16	-13	0	0	0	0	0	0
Estimated Outlays	0	-2	-9	-16	-13	0	0	0	0	0
Total Direct Spending										
Estimated Budget Authority	-3	2	2	5	8	0	-8	-17	-27	-36
Estimated Outlays	-1	0	0	0	0	7	-1	-10	-19	-28

^a Less than \$500,000

BASIS OF ESTIMATE

CBO estimates that the act would reduce federal spending for foster care and adoption assistance because some of its provisions would help to move children from foster care to adoptive placements. Because federal costs of administration (for example, monitoring a child's placement, recruiting foster families, and completing necessary paperwork) and maintenance payments (payments to cover housing and food) for a child who has been adopted are about \$5,000 less a year than for a child who is in foster care, the act would result in savings to the federal government.

Section 101—Clarification of Reasonable Efforts

Section 101 would clarify the requirement that reasonable efforts be made to keep a child with his or her family before the child is placed in foster care or to return a child to his or her parents after removal from their home. Reasonable efforts would not have to be made if a court has determined that a child has been subjected to aggravated circumstances, such as abandonment, torture, or sexual abuse. This provision would have no budgetary effect because it merely clarifies current law.

Section 101 would also require states to make reasonable efforts to place the child for adoption or in some other permanent placement in all cases where it was determined that reunification with the parent was not in the best interests of the child (not just those in which the child has been subjected to aggravated circumstances). This provision would express the federal government's position that states should move children to adoption if reunification is not appropriate. Although some states have recently taken steps to increase adoptions, CBO assumes that others would respond to this signal by speeding up adoptions.

CBO estimates that this provision would save \$5 million a year in 2000 and thereafter. Savings would total \$20 million over the 1998-2002 period, taking into account a slight initial increase in administrative costs. There are currently about 20,000 adoptions of children from foster care each year, of which 65 percent are eligible for the Title IV-E program. The estimate assumes that 15 percent, or 2,000, of these adoptions would be sped up by an average of six months.

Section 103—Initiation of Termination of Parental Rights

Section 103 would require states to initiate termination of parental rights (TPR) if a child has been in foster care for 15 of the previous 22 months. Termination of parental rights of the biological parent to the child must occur before a child can be adopted. Currently, no federal requirement states when TPR must be initiated. This new provision would not apply if the child is being taken care of by a relative (at the option of the state), if a state agency

documents in the case plan that it is not in the best interests of the child to initiate TPR, or if reasonable efforts to reunify the child with his or her parent have not been made.

State adoption officials and other experts indicate that this provision has the potential to move children out of foster care more quickly. In some cases, caseworkers are slow to arrange permanent placements for foster children because of competing demands on their time. This provision would establish a clear, definite timetable for beginning to terminate parental rights.

CBO estimates that this provision, when its effects would be fully realized in 2002, would save \$8 million a year. Savings would total \$15 million over the 1998-2002 period. The estimate assumes that just over 20 percent, or 3,000, of the adoptions of IV-E foster care children that occur each year would be sped up by an average of six months. CBO estimates that faster terminations of parental rights as a result of this provision would begin in mid-1999. The TPR process takes anywhere from 90 days to several years, with the median length of time being about a year. Once TPR is completed, it takes further time for the child to be adopted. Thus, no savings under this provision would occur until 2000.

Section 305—Reauthorization and Expansion of Family Preservation and Support

Section 305 would reauthorize through 2001 the family preservation and support program, which is currently authorized through 1998. Family preservation is a capped entitlement to states. This section would expand the allowable uses of the fund to include family support services, family preservation services, time-limited reunification services, and adoption promotion and support services. The program would be reauthorized at \$275 million for 1999, \$295 million for 2000, and \$305 million for 2001. These amounts are higher than the levels in the baseline, and CBO estimates that outlays would increase by \$65 million over the 1998-2002 period as a result of this provision.

Section 306—Health Insurance Coverage For Children With Special Needs

Section 306 would require that states provide health insurance to all adopted foster children with special needs for medical, mental health, or rehabilitative care, regardless of whether a child is eligible for IV-E adoption assistance payments. This coverage must be equivalent to what the state provides under Medicaid, although the state could provide it under another program. Under current law, states have the option to provide Medicaid to these children, and the majority of states do. CBO estimates that this requirement would cover about 2,000 additional children. CBO assumes that half of these children would be covered by Medicaid, increasing costs of that program by \$1 million a year.

Section 307—Eligibility for Adoption Assistance Payments on Behalf of Children Whose Initial Adoption Has Been Dissolved

Eligibility for federal adoption assistance depends on the income levels of the family from which the child is being adopted. Children coming from families with low incomes are eligible for IV-E federal assistance. Under current law, if an adoption is dissolved the child's eligibility for IV-E adoption assistance depends on the income of the family that had most recently adopted the child. Thus, in some cases, a child who was eligible for IV-E adoption assistance the first time he or she was adopted is not eligible for adoption assistance the second time because the first adoptive family's income is too high. H.R. 867 would allow children who were previously eligible for IV-E adoption assistance to retain eligibility upon subsequent adoptions.

This provision applies only to adoptions that occur on or after October 1, 1997. CBO estimates that the number of children receiving IV-E adoption assistance under this provision would be less than 100 in 1998 and would increase to about 500 in 2002. CBO estimates that costs per child would be about \$4,100 in 1998 and would rise to \$4,700 in 2002. This provision would increase outlays by a total of \$6 million over the 1998-2002 period.

Section 404—Temporary Adjustment of Contingency Fund for State Welfare Programs

States with high and increasing unemployment rates or growth in Food Stamp caseloads are eligible to receive matching grants from the contingency fund for state welfare programs. Total spending from the fund over the 1997-2001 period is capped at \$2 billion. Section 404 would reduce the overall cap by \$40 million.

Other Provisions

Other provisions that are designed to streamline the adoptive process would not yield any budgetary savings. Section 302, for example, would require states to hold the first permanency hearing for a child removed from his or her home more quickly than under current law. Twenty-six states already have quicker timelines for these hearings, so this proposal's impact would be limited. Further, it is not clear that earlier reviews have expedited the adoption process. In some states, earlier hearings have little effect on a child's movement through the state's child welfare system. In other states, due to court backlogs, requirements for earlier hearings are not adhered to.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act of 1985 establishes pay-as-you-go procedures for legislation affecting direct spending or receipts. The projected changes in direct spending are shown in the table below for fiscal years 1998-2007. For purposes of enforcing pay-as-you-go procedures, however, only the effects in the budget year and the succeeding four years are counted.

Table 2. Summary of Pay-As-You-Go Effects of the Adoption and Safe Families Act of 1997 (By fiscal year, in millions of dollars)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Change in Outlays	-1	0	0	0	0	7	-1	-10	-19	-28
Change in Receipts	Not applicable									

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