MINUTES OF THE
SENATE COMMITTEE ON FINANCE

Eighty-first Session
April 5, 2021

The Senate Committee on Finance was called to order by Chair Chris Brooks at 8:05 a.m. on Monday, April 5, 2021, Online. Exhibit A is the Agenda. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Chris Brooks, Chair
Senator Julia Ratti
Senator Nicole J. Cannizzaro
Senator Marilyn Dondero Loop
Senator Ben Kieckhefer
Senator Pete Goicoechea
Senator Scott Hammond
Senator Heidi Seevers Gansert

COMMITTEE MEMBERS ABSENT:

Senator Moises Denis, Vice Chair (Excused)

GUEST LEGISLATORS PRESENT:

Senator James Ohrenschall, Senatorial District No. 21

STAFF MEMBERS PRESENT:

Wayne Thorley, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Barbara Williams, Committee Secretary
Joko Cailles, Committee Secretary

OTHERS PRESENT:

Jessica Roe, Vice President, Nevada Programs, Raise the Future
Ross Armstrong, Administrator, Division of Child and Family Services, Department of Health and Human Services

Mandi Davis, Deputy Administrator, Administrative Services, Division of Child and Family Services, Department of Health and Human Services
DaShun Jackson, Director, Children's Safety and Welfare Policy, Children's Advocacy Alliance
Justin Jones, Commissioner, District F, Clark County Board of Commissioners

CHAIR BROOKS:
We will hear Senate Bill (S.B.) 377 from the Senate Committee on Health and Human Services.

SENATE BILL 377: Revises provisions relating to the adoption assistance program. (BDR 38-505)

SENATOR JAMES OHRENSCHALL (Senatorial District No. 21):
I present S.B. 377 on behalf of the Legislative Committee on Child Welfare and Juvenile Justice, which I chaired during the 2019-2021 interim. The Department of Health and Human Services Division of Child and Family Services (DCFS) supplies categorical grants—partially funded through federal dollars—to agencies providing adoption assistance services. Under State law, grant monies unused at the end of each fiscal year revert to the General Fund. Senate Bill 377 would instead carry these funds into the next fiscal year for use on general child welfare services. This would bring Nevada into compliance with the Fostering Connections to Success and Increasing Adoptions Act of 2008. If grant monies remain unused at the end of a second fiscal year, they would revert to the General Fund under S.B. 377.

Mandi Davis submitted a friendly conceptual amendment to S.B. 377 (Exhibit B).

JESSICA ROE (Vice President, Nevada Programs, Raise the Future):
I will discuss our implementation of the Wendy's Wonderful Kids (WWK) program through partnerships with State and local governments.

In Nevada, around 200 youth emancipate from foster care annually. National data on homelessness, unplanned pregnancies, unemployment and incarceration shows they do not do well. Youth without trusted adults to guide them face obstacles and challenges. No one wants poor outcomes for foster care youth.

The Covid-19 pandemic reminded us of the power and need for human connection. Social distancing places greater burdens on foster care kids already at a disadvantage. Raise the Future believes every young person should be raised knowing each has a caring adult by his or her side. We connect foster care youth with adults who become stable forces in their lives, and support those relationships so they last a lifetime. Raise the Future does this with evidence-based programs. We know the social safety net needs to be strengthened for foster care youth. We partnered with the Dave Thomas Foundation for Adoption (DTFA) to accomplish our goals.

General recruitment is not as effective for many foster care youth. These youth need specialized, child-focused recruitment efforts from evidence-based initiatives such as the WWK program.

Colorado successfully uses the WWK program to find permanent homes for youth who have been in foster care the longest. In January 2019, Nevada leaders met with staff from the Colorado Department of Human Services to learn about its practices. Nevada leaders decided to prioritize implementing the WWK program. They wanted the State's older foster youth to have successful outcomes.

The WWK program's child-focused recruitment model is implemented through partnerships between the DCFS, DTFA, Raise the Future and the Clark County Department of Family Services. There are about 200 youth in Nevada eligible for the WWK program. These youth face difficulties finding placements and have waited the longest for adoption. Many have given up on the possibility of permanent homes. Staff from the DCFS spent years trying to reunite most of these youth with their families of origin. When that was not possible, they attempted to find permanent placements. Youth have been matched, placed and disrupted from placements several times.

In Nevada, active implementation of the WWK model began in July 2019. Funding was secured for recruiter staff. The WWK program serves all Nevada jurisdictions with a staff of 12 recruiters and 3 managers. With four months remaining in fiscal year (FY) 2020-2021, we served 200 youth through the WWK program. We are actively serving 176 youth and witnessed 14 adoption finalizations in our caseloads.

Last year, a 13-year-old youth was referred to the WWK program. The youth had been in foster care since she was 8 years old and eligible for adoption since she was 9 years old. Case workers mentioned she had a positive relationship with a previous foster mother. The foster mother was originally unable to adopt the youth due to concerns over others living in the foster mother's household. A WWK recruiter reached out to the foster mother at a later date and discovered her living situation had changed. The youth moved in with the foster mother in March 2020, and was officially adopted by fall. If the WWK recruiter had not explored that past care relationship, the youth's team may never have discovered the foster mother's living situation had shifted. The WWK program continues to place hardest-to-place youth in permanent homes.

Several funding sources—including the State, Clark County and the DTFA—have supported Raise the Future's services, including the implementation of the WWK program. Ten staff members are funded through monies from the DCFS Victims of Crime Advocacy grant.

Senate Bill 377 will help Raise the Future secure sustainable funding, ensuring uninterrupted service delivery for vulnerable youth who have already dealt with placement disruptions and staff changes. It can take two years to finalize the adoption process. The youth served by Raise the Future face difficulties finding permanent homes. They have often waited the longest for adoption. It takes time for WWK recruiters to build rapport with them. Sustainable funding will support youth and their new families. It will help build relationships and maintain stability in youth's new homes. Other states have used reinvested adoption savings dollars to support similar efforts.

Raise the Future is working to build permanent connections for Nevada's youth in foster care by implementing the WWK program Statewide. We serve all eligible youth in Nevada, regardless of where they reside. Our work is supported by government partners and the DTFA.

The WWK program has the potential to positively change life outcomes for Nevada's older youth in care by connecting them with caring adults. This is the ultimate social safety net and provides Nevada a return on its financial investment.

ROSS ARMSTRONG (Administrator, Division of Child and Family Services, Department of Health and Human Services):
Senate Bill 377 brings Nevada in compliance with federal law.

MANDI DAVIS (Deputy Administrator, Administrative Services, Division of Child and Family Services, Department of Health and Human Services):
Families that adopt children out of foster care receive monthly subsidies. The subsidies are partially funded with Adoption Assistance and Child Welfare Act of 1980 (AACWA) Title IV-E monies. The remaining monies are provided by the General Fund.

Adopted children originally had to be 16 years old for their families to be eligible for Title IV-E funds. States were incentivized to help older children find adoptive families. It is more difficult to find permanent homes for older foster care youth. Since 2010, the age limit has gradually decreased. More families becoming eligible for federal support saves states money.

In 2015, the federal government required states to reinvest child welfare services monies saved as a result of expanded Title IV-E funding eligibility. The federal Adoption and Guardianship Assistance Program under Title 42 USC section 673 prescribes a formula for calculating how much states save as a result of the age limit in Title IV-E being reduced.

Federal guidelines require reinvested dollars to be spent on activities aimed at reducing the amount of time children spend in foster care. Examples of activities include existing federal child welfare services, including enhanced community services to support families and children at risk of entering foster care. At least 30 percent of reinvested dollars must be spent on postadoption services, postguardianship services and efforts to support children at risk of reentering foster care. The dollars are aimed at supporting families, ensuring youth do not lose their permanent placements.

Reinvested dollars can only supplement funds for adoption services. They cannot supplant existing funds. Nevada's requirement that any surplus dollars must revert back to General Fund at the end of each fiscal year prevents agencies from reinvesting funds back into adoption programs as required by federal law.

Nevada's child welfare system is divided into three jurisdictions. Clark County and Washoe County operate their own child welfare programs. The DCFS provides oversight for the State and operates child welfare programs in the remaining 15 rural counties. General Fund dollars are passed through to Washoe County and Clark County through a DCFS grant mechanism. The DCFS handles funding for rural child welfare programs.

Under S.B. 377, adoption assistance grant monies awarded to Washoe and Clark Counties identified as Title VI-E savings under 42 USC section 673 would no longer revert to the General Fund at the end of each fiscal year. The dollars would instead carry forward to the next fiscal year for use by agencies to provide general child welfare services. Savings remaining at the end of a second fiscal year would revert to the General Fund.

No known fiscal impacts are associated with S.B. 377. If the measure does not pass, the DCFS would continue to risk penalties due to noncompliance with federal law. The cumulative amount of savings reverted to the General Fund since 2015 is estimated at over $4 million. This figure will continue to increase without S.B. 377. A fiscal note was submitted indicating the amount of savings Washoe County and Clark County would be able to spend on child welfare services according to DCFS calculations. No additional General Fund monies are required under S.B. 377. The funds would come from savings identified in the prior fiscal year.

Exhibit B is a conceptual amendment to allow rural child welfare programs to comply with federal reinvestment mandates. As written, S.B. 377 only helps Washoe County and Clark County with federal compliance.

CHAIR BROOKS:
When were federal requirements for reinvesting dollars implemented? How long has the State reverted dollars to the General Fund in spite of federal mandates?

MR. ARMSTRONG:
The federal mandates were implemented in 2015. The State has not yet been penalized. Congress expressed concern that the U.S. Department of Health and Human Services was not doing enough to enforce reinvestment requirements. The Family First Prevention Services Act of 2018 ordered a nationwide review of the situation. This seems to be a prelude to penalty enforcement. The DCFS has cooperated with the U.S. Department of Health and Human Services, Office

of the Inspector General during interviews over the past six months. I anticipate federal enforcement may begin soon.

CHAIR BROOKS:
According to the fiscal note, Washoe County will realize savings of $1.3 million and Clark County will realize savings of $2.8 million over the 2021-2023 biennium. What will the savings be for rural counties?

MS. DAVIS:
We estimate approximately $300,000 would be realized for rural child welfare programs each biennium if S.B. 377 passes with the conceptual amendment.

SENATOR KIECKHEFER:
Does federal policy require states to reinvest savings from Title VI-E grant monies in child welfare services?

MS. DAVIS:
Yes.

SENATOR KIECKHEFER:
I understand the formula in 42 U.S.C. section 673 sets out what reinvested dollars can be used on. Why does S.B. 377 say reinvested monies can be used for general child welfare purposes?

MS. DAVIS:
Federal law stipulates reinvested dollars can be used for existing AACWA Title IV-B and Title IV-E programs without many restrictions. Thirty percent must be reinvested in post-adoption services. There is greater flexibility with the remaining 70 percent of savings, but programs receiving these monies still have to meet federal requirements for foster care services.

SENATOR KIECKHEFER:
Are there any timelines for when reinvestment dollars must be spent? Does federal law say savings unused for two fiscal years can revert to the General Fund?

I cannot think of other State funding mechanisms where monies carry forward in one year and are reverted back to the General Fund in the next year.

MS. DAVIS:
Federal law does not attach a timeline to reinvestment. Reinvestment savings do not have to be expended in the same year they were realized. The goal was to allow savings carried forward to be spent during that second fiscal year, so the monies would not revert to the General Fund. Senate Bill 377 would make State law more stringent than federal law in terms of reinvestment timelines. Federal law will be more flexible.

SENATOR KIECKHEFER:
In terms of accounting, will Washoe County and Clark County be required to segregate funds that are carried over? This would assure monies are spent in accordance with the law. It would also ensure dollars revert to the General Fund if they are not allocated by the end of a second fiscal year.

MS. DAVIS:
We anticipate the dollars would fall into a special use category to ensure they are separate from other General Fund dollars that child welfare jurisdictions receive. Segregating the funds allows us to make sure monies are spent in accordance with federal law. We want to report to federal partners that money is being spent per reinvestment mandates. Funds not spent by the second fiscal year would revert to the General Fund.

CHAIR BROOKS:
The DCFS can propose line items in its budget to spend savings reverted to the General Fund on child welfare services. Would that meet federal requirements?

MS. DAVIS:
When the DCFS builds its budget, it can segregate the 30 percent of savings specific for post-adoption services from the 70 percent of savings where usage is more flexible. This can be done through separate general ledger accounts with expense or coding. To meet federal requirements, we would track dollars internally. We may also establish coding requirements for reporting expenditures to the federal government.

CHAIR BROOKS:
Would the timing of the process comply with federal requirements? I understand monies identified as savings revert to the General Fund. The DCFS can identify reverted amounts and use them to make budget requests for child welfare services.

MS. DAVIS:
When building future budgets, the DCFS can include projected amounts for monies balanced forward. As S.B. 377 is written, we have to demonstrate the calculated savings amount was determined based on adoptions that occurred during the fiscal year. We can include projected savings in future budget proposals. Budgets would have to be trued up when fiscal years close and actual savings are determined.

CHAIR BROOKS:
My questions do not refer to S.B. 377. They refer to the current situation. Can the amount of monies that revert to the General Fund be proposed as line items in the DCFS budget?

MS. DAVIS:
Yes. That process might be followed at budget closings during this Session. I do not believe we can balance savings from FY 2020-2021 into FY 2021-2022 under S.B. 377. The bill has an effective date of July 1, 2021. We would carry forward savings from FY 2021-2022 into FY 2022-2023.

SENATOR KIECKHEFER:
The fiscal note indicates a $2 million impact in FY 2022-2023. The amount would be close to $2,350,000 under the conceptual amendment incorporating rural counties into S.B. 377. I understand these dollars are not additional General Fund appropriations. Are there reversions that will no longer revert to the General Fund?

MS. DAVIS:
Yes. General Fund appropriations are not needed under S.B. 377. It would be funded with remaining balance forwards from FY 2021-2022.

SENATOR KIECKHEFER:
On State balance sheets, would S.B. 377 impact fund balances carried forward?

MS. DAVIS:
Yes.

SENATOR RATTI:
Would the scale of the dollars seen in the fiscal note only be seen once? We are going to carry forward savings each fiscal year. Would balances carried forward be smaller in future biennia?

MS. DAVIS:
Savings would be carried forward at the end of each fiscal year. Federal law requires states to reinvest funds until federal fiscal year 2024-2025. There would not be an annual new influx of General Fund dollars.

MR. ARMSTRONG:
Senate Bill 377 does not address monies already reverted to the General Fund over the past five years. It is meant to stop future reversions and avoid federal penalties.

The estimates in the fiscal note are based on the averages of dollars reverted to the General Fund since 2015.

SENATOR RATTI:
Would the amounts carried over remain similar over each biennium?

MR. ARMSTRONG:
Yes.

CHAIR BROOKS:
I am trying to understand why S.B. 377 is necessary. Extra monies revert to the General Fund. Could the DCFS propose enhancement units in the Executive Budget to ensure those dollars are reinvested in child welfare services? The enhancement units could appropriate monies in the amount reverted to the General Fund. Would that comply with federal requirements?

MS. DAVIS:
If we created separate enhancement units in the DCFS budget equal to savings amounts, we would comply with federal law. The issue is the decision units would be based on projections. Savings are calculated based on the number of children adopted at certain ages. We would have to true up budgets at the end of each fiscal year to align with actual savings. The DCFS needs to report accurate figures to federal partners.

There is also the possibility that savings would exceed projected amounts in the Executive Budget. The DCFS would have to go before the Interim Finance Committee or roll over reinvestment requirements to a future year.

CHAIR BROOKS:
I understand actual dollars are rolled over instead of projected dollars.

SENATOR GOICOECHEA:
If agencies keep extra dollars as a result of S.B. 377, would they have difficulty applying for federal grants?

MS. DAVIS:
We are federally required to reinvest these dollars. It does not inhibit our ability to apply for new funding. No new grants are required from the federal level.

The DCFS has to ensure partner organizations like Raise the Future spend reinvested dollars on allowable activities and within the second fiscal year. Otherwise, monies would revert back the General Fund. The liability for the DCFS to reinvest money would increase.

SENATOR KIECKHEFER:
Is there a maintenance of effort associated with this spending category? If so, does S.B. 377 affect it?

MS. DAVIS:
Federal maintenance of effort requirements for foster care programs are based on 2007 State contributions. I do not anticipate we would fall below those requirements based on growth over the past 14 years.

DASHUN JACKSON (Director, Children's Safety and Welfare Policy, Children's Advocacy Alliance):
The Children's Advocacy Alliance supports S.B. 377. The measure helps ensure child welfare programs receive needed and sustained financial support. Children and families will benefit from funds reinvested into child welfare services.

JUSTIN JONES (Commissioner, District F, Clark County Board of Commissioners):
I am testifying on behalf of Clark County. I serve as Chair of the Clark County Department of Juvenile Justice and Family Services Policy and Fiscal Affairs Board, which considers fiscal issues such as those involved in S.B. 377.

Clark County has the largest child welfare and foster care programs in the State. Child welfare is of utmost importance. Senate Bill 377 would provide critical funding for child welfare programs and help provide homes for youth. It would bring us in compliance with federal mandates.

Recruiters from the WWK program have been great partners of Clark County. The program has been successful at finding adoption placements for youth facing challenges in the foster care system. Senate Bill 377 would further support such programs.

My wife and I adopted two children. Senate Bill 377 will ensure more families like mine have that opportunity.

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CHAIR BROOKS:
I adjourn this meeting at 8:48 a.m.

RESPECTFULLY SUBMITTED:

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Joko Cailles,
Committee Secretary

APPROVED BY:

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Senator Chris Brooks, Chair

DATE:______________________________

EXHIBIT SUMMARY

Bill	Exhibit Letter	Begins on Page	Witness / Entity	Description
	A	1		Agenda
S.B. 377	B	1	Mandi Davis / Division of Child and Family Services, Department of Health and Human Services	S.B. 377 Conceptual Amendment