

# H.B. NO. 2360

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## A BILL FOR AN ACT

RELATING TO FEDERAL REVENUE MAXIMIZATION IN THE JUDICIARY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The state judiciary, through its district and  
2 family courts, provides important services to children in Hawaii  
3 who have been placed in foster care or are deemed to be at risk  
4 of removal from their homes because of:

- 5           (1) Abuse or neglect; or  
6           (2) Serious acting-out or delinquent behavior which  
7           constitutes harm to themselves or the community.

8           Many of the activities that court staff engage in are  
9 eligible for partial reimbursement under the provisions of title  
10 IV-E of the *Social Security Act*. Public Law No. 96-272, the  
11 *Adoption Assistance and Child Welfare Act of 1980*, title IV-E  
12 offers federal financial participation.

13           The judiciary recently has begun to explore innovative uses  
14 of title IV-E moneys by developing student internships for law  
15 students and social workers serving these families with the  
16 initiative for the internship program coming from the department  
17 of human services and the University of Hawaii. This project

1 has received great support from the family court judges and lays  
2 the foundation for continued collaboration.

3 While successful, this internship project represents only a  
4 small fraction of the potential for enhanced services available  
5 through a fuller utilization of these federal funding streams  
6 that have been largely untapped in Hawaii. Currently, the  
7 services available through the district and family courts in  
8 Hawaii are funded overwhelmingly by state revenues. Through the  
9 pursuit and optimal utilization of the available federal funds,  
10 the judiciary should be able to increase the moneys available  
11 for services to the children under its care and supervision by a  
12 factor of 30 to 35 percent.

13 Title IV-E, in particular, is in imminent danger of being  
14 converted to a block grant from its current status as a federal  
15 entitlement program. This would eliminate the required federal  
16 financial participation contribution by the federal government,  
17 instead capping federal funding at the block grant appropriation  
18 amount. This means that Hawaii's allocation would be capped  
19 based on its current reimbursement levels. It is therefore  
20 critical that the State maximize its claims for federal  
21 reimbursement before the block grant conversion occurs.

1           In 2002, the last full year for which complete data is  
2 available, Hawaii received \$17,045,476 in title IV-E  
3 reimbursements. This figure put the State of Hawaii in thirty-  
4 eighth place among the fifty states, the District of Columbia,  
5 and the Commonwealth of Puerto Rico in terms of total  
6 reimbursements. Hawaii's youth population, on the other hand,  
7 is increasing faster than the rest of the country. In 1995,  
8 Hawaii already ranked twenty-fourth in the nation in the  
9 percentage of its population under twenty years of age and it is  
10 estimated by the U.S. Census Bureau to rank sixth in the nation  
11 by 2025. A block grant which would freeze allocations at  
12 current reimbursement levels would have a devastating impact on  
13 the State, particularly in light of the projected rapid increase  
14 in the youth population.

15           It is imperative, therefore, that the State do everything  
16 in its power to increase the level of its federal reimbursements  
17 as quickly as possible, so as to augment the baseline upon which  
18 a future block grant would be based.

19           The purpose of this Act is to mandate the judiciary to  
20 establish and implement, as quickly as possible, a federal  
21 revenue maximization program for all services they provide to  
22 the children in their care that may be eligible for federal

1 financial participation. Time is of the essence to establish a  
2 maximum baseline before the title IV-E program is converted to a  
3 block grant by the federal government.

4 SECTION 2. (a) The judiciary, in collaboration with the  
5 department of human services, shall establish a federal revenue  
6 maximization program to:

7 (1) Identify services eligible for federal reimbursement  
8 provided through the district and family courts  
9 (either directly or indirectly through contracted  
10 providers) to children under their care; and

11 (2) Submit claims for federal reimbursement for such  
12 services through the department of human services.

13 (b) In establishing the federal revenue maximization  
14 program, the chief justice of the supreme court and the director  
15 of human services shall execute a memorandum of agreement to  
16 develop and implement a federal revenue maximization program for  
17 services provided by the district and family courts to children  
18 in their care that are eligible for federal reimbursement.

19 (c) The judiciary may contract with a third party to  
20 administer this program or elect to participate in the current  
21 contract between the department of human services and its  
22 federal revenue maximization consultants. The third-party

1 contract shall be established either at no cost to the State or  
2 on a contingency-fee basis with no up-front costs to the State,  
3 including but not limited to costs to train staff, adapt data  
4 collection systems, and comply with the relevant federal  
5 regulations.

6 (d) The federal revenue maximization program shall  
7 identify, at a minimum:

8 (1) The service recipient and the recipient's eligibility  
9 for title IV-E or other federal reimbursements;

10 (2) The service provider (either the staff of the district  
11 or family courts or a contracted provider);

12 (3) The total amount of eligible reimbursements generated  
13 by the judiciary that the department of human services  
14 can include in its claims to the relevant federal  
15 authorities.

16 (e) The judiciary shall:

17 (1) Procure and contract for the development,  
18 implementation, and maintenance of the federal revenue  
19 maximization program, including any required  
20 information technology system or interfaces with the  
21 judiciary's existing system;

1           (2) Make the necessary modifications to initial court  
2           orders and judicial determinations to ensure the  
3           eligibility standards for title IV-E reimbursements  
4           are established for all children in the care of the  
5           court; and

6           (3) File retroactive claims for the preceding eight  
7           quarters, as permitted by available documentation or  
8           other back-up information that can reasonably be  
9           obtained.

10          (f) The department of human services shall provide  
11          technical assistance and support to the judiciary in its efforts  
12          to obtain federal reimbursements under this Act.

13          SECTION 3. The judiciary shall submit a report each year  
14          to the legislature no later than twenty days prior to the  
15          convening of each of the 2007 to 2010 regular sessions that  
16          shall include, but not be limited to:

17          (1) The amount of federal reimbursements received for  
18          federal fiscal years 2004-2005 to 2009-2010;

19          (2) The amount of additional funding that has been  
20          secured;

21          (3) The amount of claims pending;



## JUSTIFICATION SHEET

DEPARTMENT: Human Services.

TITLE: A BILL FOR AN ACT RELATING TO FEDERAL REVENUE MAXIMIZATION IN THE JUDICIARY.

PURPOSE: The purpose of this bill is to authorize and to mandate the District and Family Courts to establish and implement a federal revenue maximization program for all services they provide to the children in their care that may be eligible for federal financial participation.

MEANS: Enactment of this bill as a session law, 2006.

JUSTIFICATION: The State Judiciary, through its district and family courts, provides important services to children in Hawaii who have been placed in foster care or are deemed to be at risk of removal from their homes because of:

- (1) Abuse or neglect; or
- (2) Serious acting-out or delinquent behavior which constitutes harm to themselves or the community.

Many of the activities that court staff engage in are eligible for partial reimbursement under the provisions of Title IV-E of the *Social Security Act*. Public Law No. 96-272, the *Adoption Assistance and Child Welfare Act of 1980*, Title IV-E offers federal financial participation (FFP). Eligible activities include juvenile probation, case management, intake, adoption, mediation, guardian ad litem, and drug court.

The Judiciary recently has begun to explore innovative uses of Title IV-E moneys by developing student internships for law students and social workers serving these families with the initiative



for the internship program in collaboration with the Department of Human Services and the University of Hawaii. This project has won great support from the Family Court judges and lays the foundation for continued collaboration.

This successful internship project represents only a small fraction of the potential for enhanced services available through a fuller utilization of these federal funding streams that have been largely untapped in Hawaii. Currently, the services available through the District and Family Courts in Hawaii are funded overwhelmingly by State revenues. Through the pursuit and optimal utilization of the available federal funds, the Judiciary should be able to increase the moneys available for services to the children under its care and supervision by a factor of 30 to 35 percent.

Title IV-E, in particular, is in imminent danger of being converted to a block grant from its current status as a Federal entitlement program. This would eliminate the required, currently unlimited, FFP contribution by the Federal government, instead, capping Federal funding at the block grant appropriation amount. This means that Hawaii's allocation would be capped based on its current reimbursement levels. It is, therefore, critical that the State maximize its claims for federal reimbursements before the block grant conversion occurs.

In 2002, the last full year for which complete data is available, Hawaii received \$17,045,476 in Title IV-E reimbursements. This figure put the State of Hawaii in 38<sup>th</sup> place among the 50 States, the District of Columbia and the Commonwealth of Puerto Rico in terms of total reimbursements. Hawaii's youth

population, on the other hand, is increasing faster than the rest of the country. In 1995, Hawaii ranked 24<sup>th</sup> in the nation in the percentage of its population under 20 years of age and it is estimated by the U.S. Census Bureau to rank 6<sup>th</sup> in the nation by 2025. A block grant which would freeze allocations at current reimbursement levels would have a devastating impact on the State, particularly in light of the projected rapid increase in the youth population.

It is imperative, therefore, that the State do everything in its power to increase the level of its reimbursements as quickly as possible, so as to augment the baseline upon which a future block grant would be based.

Impact on the public: Millions more of State general funds would be available for other programs if the Judiciary maximized its claims for federal reimbursements for eligible services to children and youth.

Impact on the department and other agencies: The Judiciary will have to implement a process for claiming Federal Title IV-E reimbursements. The DHS will provide technical assistance and support to the Judiciary for Title IV-E claiming efforts.

GENERAL FUNDS:	-0-
OTHER FUNDS:	-0-
PPBS PROGRAM DESIGNATION:	HMS 301.
OTHER AFFECTED AGENCIES:	Judiciary.
EFFECTIVE DATE:	Upon approval.