

## ACT 194

S.B. NO. 2323

A Bill for an Act Relating to Federal Revenue Maximization in the Judiciary.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. 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 that 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 and Public Law No. 96-272, the Adoption Assistance and Child Welfare Act of 1980.

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. The internship program is through the department of human services and the University of Hawaii. This project has received support from the family court judges and establishes the foundation for continued collaboration between the department of human services and the University of Hawaii.

However, this internship project represents only a fraction of the potential for enhanced services. Currently, the services available through the district and family courts in Hawaii are funded overwhelmingly by state revenues. Through the pursuit and optimal use of available federal funds, the judiciary should increase the moneys available for services to the children under its care and supervision by a factor of thirty to thirty-five per cent.

Title IV-E very likely will be converted to a block grant program from its current status as a federal entitlement program. This would eliminate federal financial participation, instead capping federal funding at the block grant appropriation amount. This means that Hawaii's allocation would be capped based on current reimbursement levels. It is therefore critical that the State submit claims for all federal reimbursements to which it is entitled before the block grant conversion occurs.

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 Hawaii's youth population. 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 thirty-eighth place among the fifty 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 at a faster rate than in most of the rest of the country. In 1995, Hawaii ranked twenty-fourth in the nation in the percentage of its population under twenty years of age, and it is estimated by the United States Census Bureau to rank sixth in the nation by 2025.

It is imperative, therefore, that the State increase its federal reimbursements as quickly as possible, to ensure that the baseline upon which a future block grant would be based accurately reflects the amount for which the State is entitled to be reimbursed.

The purpose of this Act is to authorize the judiciary to establish and implement, in collaboration with the department of human services, a federal revenue maximization program for all services that may be eligible for federal financial participation to establish a maximum baseline before the Title IV-E program is converted to a block grant by the federal government.

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

- (1) Identify services provided through the district and family courts, either directly or indirectly through contracted providers, to children under their care that are eligible for federal reimbursement; and
- (2) Submit claims for federal reimbursement through the department of human services for all eligible services.

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

(c) The judiciary may contract with a third party to administer this program or may elect to participate in the current contract between the department of human services and its federal revenue maximization consultants. Any third-party contract shall be established either at no cost to the State or on a contingency-fee basis with no up-front costs to the State, including but not limited to costs to train staff, adapt data collection systems, or comply with relevant federal regulations.

(d) The federal revenue maximization program shall, if implemented, capture at least the following information:

- (1) The service recipient and the recipient's eligibility for Title IV-E or other federal reimbursements;
- (2) The service provider; and
- (3) The total of eligible reimbursement claims generated by the judiciary that the department of human services shall submit to the relevant federal authorities.

(e) The judiciary may:

- (1) Procure and contract for the development, implementation, and maintenance of the federal revenue maximization program, including an information technology system or any required interfaces with the judiciary's existing system;
- (2) Consider whether standardized modifications to initial court orders and judicial determinations are appropriate to establish eligibility standards for Title IV-E reimbursements for all children in the care of the court; and
- (3) File retroactive claims for federal reimbursement for the preceding eight quarters, as permitted by available documentation or other supporting information that can reasonably be obtained.

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

SECTION 3. The judiciary shall, if the program is implemented, submit a report to the legislature no later than twenty days prior to the convening of each of the 2007 to 2010 regular sessions that shall include but not be limited to:

- (1) The amount of federal reimbursements received for the prior federal fiscal year;
- (2) The amount of additional federal funding that has been secured;
- (3) The amount of claims pending;

- (4) The amount of additional federal funding that is projected to be secured over the next five years; and
- (5) Plans for the reinvestment of additional federal funds to expand needed services to the State's children.

**SECTION 4.** This Act shall take effect on July 1, 2006.

(Approved June 14, 2006.)