

LFC Requester: \_\_\_\_\_

**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO  
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**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** \_\_\_\_\_ *Check all that apply:*  
**Bill Number:** HB076 Original  Correction   
 Amendment  Substitute

**Sponsor:** R Dow **Agency Name and Code** CYFD - 690  
**Short Title:** ALTERNATIVE PLACEMENT OF YOUTH IN CUSTODY **Number:** \_\_\_\_\_  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
	\$10,000.0	Recurring	General

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		712.8	712.8	1425.6	Recurring	General

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

Synopsis: HB 76 appropriates \$10,000.0 from the state general fund to the Health Care Authority for expenditure in fiscal years 2027 through 2029 to contract with providers to develop alternative placements to congregate care for youth in state custody. The bill directs HCA to expand placement options across a wide range of behavioral health services, including psychiatric hospitals, residential treatment, detoxification facilities, step-down crisis services, mobile crisis teams, treatment foster care, and outpatient services. Any unexpended funds revert to the general fund at the end of FY29.

### **FISCAL IMPLICATIONS**

Effective July 1, 2026, licensing and certification authority for children's behavioral health facilities is planned to transfer from CYFD to the Health Care Authority. The bill appropriates \$10 million to HCA for service development but does not specify or require allocation of funds for regulatory, licensing, certification, and oversight functions necessary to operationalize these placements. Regardless of whether these functions are housed within CYFD or HCA, implementation of the bill will require sufficient regulatory and compliance capacity, which is not explicitly funded or structured in statute.

Estimated impact: 8 FTE @ \$89.1 each = \$712.8

### **SIGNIFICANT ISSUES**

This appropriation is made to the Health Care Authority to fund the development of services which target children and youth in the custody of the Children Youth and Families Department (children in foster care). CYFD, as the children's behavioral health authority, bears statutory responsibility under the Public Health Act for the licensing and certification of the facilities and services identified within this appropriation.

The services funded under this bill are responsive to urgent and documented needs among children currently in state custody and will likely improve access to care for a subset of high-need youth. CYFD encourages prioritizing children in state custody, however, limiting eligibility to system-involved children addresses only a portion of the underlying service capacity problem. Children with equivalent clinical needs who are not in custody remain without access to these services, reinforcing a two-tier system in which legal status, rather than clinical need, determines availability of care. This approach prioritizes service availability based on legal status rather than clinical need and may introduce incentives for system entry or voluntary custody placements as a pathway to treatment. As drafted, the bill may shift placement pressure rather than resolve underlying service shortages.

### **PERFORMANCE IMPLICATIONS**

This appropriation may affect statewide performance indicators related to placement stability, length of stay in custody, and permanency outcomes by expanding access to behavioral health services exclusively for youth in state custody. Limiting service availability based on custody

status rather than clinical need may influence patterns of system entry and placement decisions, with potential implications for safety, stability, and system capacity.

The separation of funding authority (HCA) and regulatory responsibility (CYFD) may also affect implementation timelines, provider readiness, and service consistency, which in turn may impact performance outcomes and service continuity.

#### **ADMINISTRATIVE IMPLICATIONS**

Implementation of this bill will require CYFD to expand licensing, certification, monitoring, and compliance functions for new and expanded providers funded through HCA contracts.

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None identified.

#### **TECHNICAL ISSUES**

None identified.

#### **OTHER SUBSTANTIVE ISSUES**

None identified.

#### **ALTERNATIVES**

None proposed.

#### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status quo.

#### **AMENDMENTS**

None proposed.