



WASHOE COUNTY

Integrity Communication Service

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STAFF REPORT

BOARD MEETING DATE: February 17, 2026

DATE: Wednesday, February 11, 2026

TO: Board of County Commissioners

FROM: Ryan Gustafson, Agency Director, Human Services Agency
(775) 785-8600, rgustafson@washoecounty.gov

THROUGH: Kate Thomas, County Manager

SUBJECT: Recommendation to accept a FY26 Adoption Savings subgrant award from the State of Nevada, Division of Child and Family Services in the amount of [\$607,022.00; no county match] retroactive for the period of July 1, 2025 to June 30, 2026 to provide supportive services to facilitate and maintain the successful adoption of children from the Washoe County Child Welfare System; authorize the Agency Director of Human Services Agency to execute the award and related documents; and direct Finance to make the necessary budget amendments. (All Commission Districts.) FOR POSSIBLE ACTION

SUMMARY

Recommendation to accept a FY26 Adoption Savings subgrant award from the State of Nevada, Division of Child and Family Services in the amount of [\$607,022.00; no county match] retroactive for the period of July 1, 2025 to June 30, 2026 to provide supportive services to facilitate and maintain the successful adoption of children from the Washoe County Child Welfare System; authorize the Agency Director of Human Services Agency to execute the award and related documents; and direct Finance to make the necessary budget amendments.

Washoe County Strategic Objective supported by this item: Vulnerable Populations

PREVIOUS ACTIONS

On February 25, 2025, the Board approved Item 12, the acceptance of a FY25 Adoption Savings subgrant award from the State of Nevada, Division of Child and Family Services in the amount of [\$445,718; no county match] retroactive for the period of July 1, 2024 to June 30, 2025 to provide supportive services to facilitate and maintain the successful adoption of children from the Washoe County Child Welfare System.

On March 19, 2024, the Board approved Item 15, the acceptance of a FY24 Adoption Savings subgrant award from the State of Nevada, Division of Child and Family Services in the amount of [\$1,040,849.00; no county match] retroactive for the period of July 1, 2023 to June 30, 2024 to provide supportive services to facilitate and maintain the successful adoption of children from the Washoe County Child Welfare System.

AGENDA ITEM # _____

On December 13, 2022, the Board approved Item 18, the acceptance of a FY23 Adoption Savings Reinvestment Funds as allocated from the State of Nevada, Division of Child and Family Services in the amount of [\$818,612.00; no county match] retroactive for the period of July 1, 2022 to June 30, 2023; and authorization of the creation of five (5) full-time equivalent (1.0 FTE) positions to include: one (1) Human Services Case Worker, two (2) Runners, one (1) Management Analyst, and one (1) Human Services Program Specialist with a total fiscal impact of [\$347,872.00], funded 100% by the FY23 Adoption Savings Reinvestment Funds allocation.

BACKGROUND

As a matter of transparency this narrative is being included to explain the change in methodology for funding in accepting the grant for FY25. The Fostering Connections, aka Adoption Savings, program was established under the Title IV-E Adoption Assistance Program - Fostering Connections to Success and Increasing Adoptions Act of 2008 (Public Law 110-351) with the intent of increasing the number of children eligible for Federal adoption subsidy funding (Title IV-E). Prior to the implementation of Fostering Connections, any child who was not eligible for Federal funding had their adoption subsidy payment funded fully by the State. By expanding eligibility criteria through Fostering Connections, the number of children who qualify for Federal funding increased, thus providing the State a “savings.”

The savings earned by the State is calculated annually based on adoption statistics and there are federal requirements that the “savings” must be reinvested into child welfare services. Further, Adoption Savings funds must not supplant any federal or non-federal funds used to provide a service under titles IV-B or IV-E per section 473(a)(8)(D)(ii) of the Social Security Act (Act). The “savings” are passed down proportionally from the State to agencies such as HSA in the form of an Adoption Savings allocation award because that is where the savings was actually “earned.” Agencies who receive an Adoption Savings award have the same obligation to reinvest the dollars into child welfare services.

Distribution of the funds is currently tied to savings realized in the decision unit for adoption in the County’s allocation from DCFS. The error in this approach is that the budgeted amount is reduced in the general fund category to first remove the dollars that would have “otherwise been spent” had regulations not changed. This error in process directly conflicts with the statute and results in a lack of funds being available at year end to send to counties to reinvest as required. For example, when properly calculated the FY25 the allocation was anticipated to be a minimum of \$1M but with the removal of dollars that would have “otherwise been spent” the actual allocation was under \$500k. This substantial reduction forced HSA staff to explore all staffing, programming, and funding options to ensure staffing and programming could continue with no increase in cost to the Washoe County local funds.

Prior to 2023, the allocation of these funds was based on the amount of savings reported on the CB496 Federal Title IVE Claiming Form in the year prior to the Adoption Savings distribution. Based on the 2023 legislative implementation, ongoing distributions are now

based on the amount left in the prior year budget line item for Washoe County's adoption maintenance. Per this 2023 direction the remaining amount was to be considered as the qualifying adoption savings payment to the county, which is inaccurate because the actual savings were already reported on the CB496. This results in a lower annual payment for adoption savings that were earned by the county and increases the unpaid earned adoption saving sitting in reserve with the State and inappropriately represents current year Adoption Maintenance budget utilization. The State of Nevada DCFS agrees the methodology is flawed and further agrees it does not allow for adequate funding of the federal requirement but does not have budget authority to make the necessary changes to budget to appropriately fund adoption savings back to the counties. DCFS is in support of proposed changes to the distribution process that will be part of the 2025 Legislative session. However, in the interim, HSA has been advised by DCFS that there is no process or authority at this time to make any modification to the allocation based on current legislative decisions. In the event legislative changes do not materialize to make the necessary process changes, HSA did submit a separate budget request to DCFS for FY26 and FY27 seeking they directly allocate an additional \$1M per year to Washoe County HSA from the Adoption Savings reserves to support our reinvestment programs.

The solution for HSA in FY25 relates to recent regulation changes that now allow adoption savings dollars to be used as match to Title IV-E revenues for claiming if specific categorical criteria are met. This option was not federally allowable previously based on regulations and duties assigned to the positions; therefore, the County's initial acceptance of the grant and creation of the positions in 2022 did not include revenues from IV-E billing and stated the positions were to be funded 100% by Adoption savings funds. Going forward the positions and services will be funded under the new allowable rules, and a new/separate Internal Order 61151 will be used to track and record both Title IV-E revenues and expenditures associated with these positions to ensure the agency (HSA) can demonstrate no impact to F228 should the Board approve this grant acceptance request. If this request is not approved, the agency will have to either stop initiatives developed to support foster and adoptive parents achieve successful outcomes or eliminate positions. The FY25 Adoptions Savings grant award of \$445,718 will not cover both the position and operating costs. Therefore, the most responsible solution is to leverage the newly allowable IV-E federal revenues in combination with the reduced adoption savings grant award to fund the staff and services that benefit the target population.

The Agency received the Notice of Award on December 4, 2025, with an effective date of July 1, 2025; therefore, the request also seeks to retroactively accept the funds as awarded. The delay in approaching the Board occurred as staff have been engaged with our State and Federal partners regarding these changes. HSA staff worked to ensure we have a thorough understanding of the collective impacts on our budget caused by the reduced award amount, the new IV-E revenue opportunities, the requirements for billing, needed adjustments to internal controls, and the impact on our fiscal sustainability in the coming fiscal years.

AWARD SUMMARY

Project/Program Name: Adoption Savings Program

Scope of the Project: The Adoption Savings Program will provide supportive services to facilitate and maintain the successful adoption of children from the Washoe County Child Welfare System.

Benefit to Washoe County Residents: The Adoption Savings Program will provide enhanced resources to best support children in the child welfare system who are ready to be adopted, as well as the adults who seek to adopt. Services are provided throughout the adoption process to ensure all parties have the necessary resources to make the critical decisions needed as they pursue adoption. Services are also provided post adoption to prevent disruptions and support positive permanent outcomes for children and families.

On-Going Program Support: Adoption Savings funds will be allocated and awarded annually in accordance with federal requirements.

Award Amount: \$607,022.00 (\$551,838.00 Direct / \$55,184.00 Indirect)

Grant Period: July 1, 2025, through June 30, 2026

Funding Source: State of Nevada Department of Health and Human Services
Division of Child & Family Services

Pass Through Entity: None

CFDA Number: N/A

Grant ID Number: 314150-26-001

Match Amount and Type: Match not required

Sub-Awards and Contracts: The Human Services Agency may contract with vendors or provide subawards in support of this program. Any subaward or contract will follow all applicable requirements, including but not limited to the County's competitive bid process and federal grant procurement guidelines as defined in 2 CFR 200—Uniform Guidance.

FISCAL IMPACT

This award was anticipated and \$607,022.00 was included in the FY26 Child Protective Services Fund (228) adopted budget in IO 12320 so no additional budget authority is needed. The allocation requires no matching funds. Indirect costs in the amount of \$55,184 are included in the grant award.

RECOMMENDATION

Recommendation to accept a FY26 Adoption Savings subgrant award from the State of Nevada, Division of Child and Family Services in the amount of [\$607,022.00; no county match] retroactive for the period of July 1, 2025 to June 30, 2026 to provide supportive services to facilitate and maintain the successful adoption of children from the Washoe

County Child Welfare System; authorize the Agency Director of Human Services Agency to execute the award and related documents; and direct Finance to make the necessary budget amendments.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be: "Move to accept a FY26 Adoption Savings subgrant award from the State of Nevada, Division of Child and Family Services in the amount of [\$607,022.00; no county match] retroactive for the period of July 1, 2025 to June 30, 2026 to provide supportive services to facilitate and maintain the successful adoption of children from the Washoe County Child Welfare System; authorize the Agency Director of Human Services Agency to execute the award and related documents; and direct Finance to make the necessary budget amendments."