

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 2, 2009**

**TO:** Honorable Patrick M. Rose, Chair, House Committee on Human Services

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB324** by Raymond (Relating to monetary assistance for substitute care provided to a child by a relative caregiver.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB324, As Introduced: a negative impact of (\$124,225,916) through the biennium ending August 31, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$44,942,881)
2011	(\$79,283,035)
2012	(\$80,864,606)
2013	(\$82,478,453)
2014	(\$84,100,751)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>Federal Funds</i> 555	Change in Number of State Employees from FY 2009
2010	(\$44,942,881)	(\$200,424)	4.0
2011	(\$79,283,035)	(\$38,649)	4.0
2012	(\$80,864,606)	(\$38,649)	4.0
2013	(\$82,478,453)	(\$38,649)	4.0
2014	(\$84,100,751)	(\$38,649)	4.0

**Fiscal Analysis**

The bill would amend Section 264.755, Family Code, to require the Department of Family and Protective Services (DFPS) to pay monetary assistance to a relative participating in the Relative and Other Designated Caregiver Program while a child is in substitute care. The monetary assistance must be paid at a rate that is equal to at least 60 percent of the daily rate the agency would pay if the substitute care were provided in a foster home licensed or certified under Chapter 42, Human Resources Code. The change in law would only apply to caregiver assistance agreements entered into on or after the effective date of the bill, which is September 1, 2009.

**Methodology**

The Department of Family and Protective Services reports that the average monthly number of kinship

care placements is 8,065 and estimates that 75 percent of these children would be eligible for the new monetary assistance benefit during the first year of operation. It is assumed that daily payments ranging from \$23.15 to \$42.13 would be made to their relatives for an average of 14.3 months per child. These amounts correspond to 60 percent of the current child-placing agency rate for basic and moderate foster care. It is assumed that two-thirds of the children would receive the lower rate and one-third would receive the higher rate.

The average monthly number of children eligible for monthly assistance payments would rise from 6,049 in fiscal year 2010 to 7,790 in fiscal year 2014 based on a 2 percent annual growth rate and the average length of stay assumption noted above. The total cost for monthly assistance payments would be \$43.4 million in fiscal year 2010, \$79.0 million in fiscal year 2011, \$80.6 million in fiscal year 2012, \$82.2 million in fiscal year 2013, and \$83.8 million in fiscal year 2014. The method of financing would be 100 percent General Revenue Funds because current law states that relative caregivers may not be licensed or certified to operate a foster home which is a requirement for federal matching funds under the Title IV-E program.

It is assumed that any movement or diversion of children from paid foster care into paid relative care because of the new monetary assistance benefit would be cost neutral because there are method of financing differences between the two programs (foster care uses less General Revenue). It is also assumed that the agency would continue to offer all of the currently available relative caregiver benefits because the bill does not eliminate them.

### **Technology**

The Department of Family and Protective Services indicates it will need to make significant changes to the IMPACT automation system to allow the payment of monthly assistance benefits. The estimated cost for these changes includes a one-time cost of \$1.4 million in fiscal year 2010, and \$0.3 million in ongoing costs associated with adding 4.0 FTE positions (2 Systems Analysts IV and 2 Systems Analysts III) in fiscal year 2010. The method of financing would be General Revenue and federal matching funds. These costs are included above.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 530 Family and Protective Services, Department of

**LBB Staff:** JOB, CL, NM, MB