

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 9, 2009

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

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

IN RE: HB1565 by England (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 HB1565, As Introduced: a negative impact of (\$215,696,332) 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	(\$77,805,043)
2011	(\$137,891,289)
2012	(\$140,480,814)
2013	(\$143,158,119)
2014	(\$145,915,376)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable Savings from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>Federal Funds</i> 555	Probable Savings from <i>Federal Funds</i> 555
2010	(\$81,116,406)	\$3,311,363	(\$200,424)	\$6,545,615
2011	(\$142,820,188)	\$4,928,899	(\$38,649)	\$9,394,301
2012	(\$145,456,437)	\$4,975,623	(\$38,649)	\$9,622,428
2013	(\$148,146,487)	\$4,988,368	(\$38,649)	\$9,684,653
2014	(\$150,876,252)	\$4,960,876	(\$38,649)	\$9,788,305

Fiscal Year	Change in Number of State Employees from FY 2009
2010	4.0
2011	4.0
2012	4.0
2013	4.0
2014	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 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

DFPS 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 because the household income of their relative or other designated caregiver would be 300 percent of poverty or less, which is the current eligibility standard established by rule. It is assumed that daily payments ranging from \$38.59 to \$70.22 would be made to their relatives for an average of 14.3 months per child. These amounts correspond to 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 monetary 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 monetary assistance payments would be \$72.3 million in fiscal year 2010 and \$131.7 million in fiscal year 2011, rising to \$139.7 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 foster care providers which is a requirement for federal matching funds under the Title IV-E program.

It is assumed that an additional 605 children ($8,065 * 10 \text{ percent} * 75 \text{ percent}$) would move from paid foster care to live with relatives and other designated caregivers who would be eligible to receive monetary assistance payments based on income. Two-thirds of these children would be placed at the basic rate and one-third would be placed at the moderate rate. The total cost would be \$7.2 million in fiscal year 2010 and \$10.9 million each subsequent year. The All Funds cost would be offset by foster care savings; however, the General Revenue cost would be higher than the General Revenue savings because there are method of financing differences between the two programs (foster care uses less General Revenue). The net General Revenue cost would be \$4.4 million in fiscal year 2010 and approximately \$6.5 million each subsequent year.

There would be some monetary assistance program savings due to discontinuation of the \$500 per child annual reimbursement. This would be slightly offset by making the initial \$1,000 cash payment to more relatives and other designated caregivers accepting former foster children into their home. The net savings would be \$2.6 million in fiscal year 2010 and \$3.5 million in fiscal year 2011, rising to \$3.9 million in fiscal year 2014.

Technology

DFPS 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