

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 26, 2009

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

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

IN RE: HB2040 by Turner, Sylvester (Relating to establishing a kinship guardian assistance program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2040, As Introduced: a negative impact of (\$54,309,460) 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 | (\$23,302,601) |
| 2011 | (\$31,006,859) |
| 2012 | (\$31,774,982) |
| 2013 | (\$31,826,857) |
| 2014 | (\$31,851,746) |

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 | (\$26,187,109) | \$2,884,508 | (\$200,105) | \$6,145,685 |
| 2011 | (\$33,606,666) | \$2,599,807 | (\$38,353) | \$5,711,932 |
| 2012 | (\$33,776,552) | \$2,001,570 | (\$38,353) | \$4,800,072 |
| 2013 | (\$33,856,420) | \$2,029,563 | (\$38,353) | \$4,843,166 |
| 2014 | (\$33,909,828) | \$2,058,082 | (\$38,353) | \$4,887,071 |

| 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 establish a kinship guardian assistance program within the Department of Family and Protective Services (DFPS) to provide monetary assistance to relatives who assume permanent

managing conservatorship of a child, after caring for the child for six consecutive months while the child was in DFPS managing conservatorship. A relative is defined as someone who is not licensed or certified to provide foster care.

The bill would require the Executive Commissioner of Health and Human Services to adopt rules necessary to implement the program by December 1, 2009. The rules must ensure that payments are equal to or less than monetary assistance for a foster care provider. They must also ensure that the program conforms to federal assistance requirements in the Fostering Connections to Success and Increasing Adoptions Act of 2008.

The bill would be effective on September 1, 2009.

Methodology

The definition of kinship guardian as a relative who is not licensed or certified to provide foster care conflicts with a provision in the federal law which requires the child to have been eligible for foster care maintenance payments while residing for at least six consecutive months in the home of the prospective relative guardian. Therefore, the new program would not conform to federal assistance requirements and would not be eligible for federal matching funds.

DFPS reports that the average monthly number of kinship care placements is 8,065 and estimates that 75 percent of these children would move into the kinship guardian assistance program during the first year of operation. It is assumed that monthly payments ranging from \$400 to \$545 would be made to their guardians through fiscal year 2014. These amounts correspond to the current adoption subsidy payment levels.

DFPS also reports that the number of children in permanent managing conservatorship paid foster care placements at the end of the month in fiscal year 2008 was 14,480 and estimates that 1 percent of these children (145) would move into the kinship guardian assistance program during the first year. It is assumed that monthly payments ranging from \$400 to \$545 would be made to their guardians through fiscal year 2014.

The average monthly number of children removed from their homes is estimated to be 1,169 in fiscal year 2010 rising to 1,260 in fiscal year 2014. It is assumed that 50 percent of these removals would become eligible for kinship guardian assistance payments after six months in the agency's managing conservatorship, and that 25 percent of the children removed in any one year would continue in the following year to receive monthly payments ranging from \$400 to \$545 through fiscal year 2014.

The total cost for guardianship assistance payments would be \$24.6 million in fiscal year 2010, \$33.3 million in fiscal year 2011, \$33.5 million in fiscal year 2012, \$33.6 million in fiscal year 2013, and \$33.6 million in fiscal year 2014. The first year cost assumes a starting date of December 1, 2009. The method-of-financing would be 100% General Revenue Funds. The average monthly number of children served would range from 4,865 in fiscal year 2010 to 6,639 in fiscal year 2014.

There would be savings from the movement of children from paid kinship and foster care placements into the new program during the first two years. There would also be savings from the diversion of children from paid kinship and foster care placements in all years of the program. The total savings would be \$9.0 million in fiscal year 2010, \$8.3 million in fiscal year 2011, \$6.8 million in fiscal year 2012, \$6.9 million in fiscal year 2013, and \$6.9 million in fiscal year 2014. The method-of-financing would include General Revenue Funds (from 32 percent in fiscal year 2010 to 30 percent in fiscal year 2014), TANF Federal Funds (44 to 50 percent), and federal matching funds (24 to 20 percent).

The net cost for the kinship guardian assistance program would be \$15.6 million in fiscal year 2010, \$25.0 million in fiscal year 2011, and \$26.7 million each following year. The method-of-financing would include General Revenue Funds (\$21.7 million in fiscal year 2010, \$30.7 million in fiscal year 2011, and \$31.5 million each following year). The General Revenue cost would be offset by a savings in Federal Funds (\$6.1 million in fiscal year 2010, \$5.7 million in fiscal year 2011, and approximately \$4.8 million each following year). The Federal Funds savings includes Temporary Assistance for Needy Families (TANF) and other federal funds.

Technology

DFPS indicates it will need to make significant changes to the IMPACT automation system to allow the payment of kinship guardian 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. These costs are included above.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission, 530 Family and Protective Services,
Department of

LBB Staff: JOB, CL, NM, MB