

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 7, 2009

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

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

IN RE: HB2860 by Dukes (Relating to financial assistance programs in connection with certain children in the conservatorship of the Department of Family and Protective Services.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2860, As Introduced: a negative impact of (\$7,067,716) 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	(\$4,283,151)
2011	(\$2,784,565)
2012	(\$3,335,519)
2013	(\$4,492,771)
2014	(\$5,642,376)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable Savings from <i>Federal Funds</i> 555	Probable (Cost) from <i>Federal Funds</i> 555
2010	\$39,780	(\$4,322,931)	\$266,220	(\$1,918,025)
2011	\$2,207,139	(\$4,991,704)	\$1,531,438	(\$3,637,980)
2012	\$2,404,172	(\$5,739,691)	\$1,646,458	(\$4,980,431)
2013	\$2,404,172	(\$6,896,943)	\$1,646,458	(\$5,605,884)
2014	\$2,404,172	(\$8,046,548)	\$1,646,458	(\$6,236,884)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	17.0
2011	17.0
2012	17.0
2013	17.0
2014	17.0

Fiscal Analysis

SECTION 1 would amend Section 162.3041, Family Code, to extend adoption subsidy payments to age 21 for children covered by an adoption assistance agreement that was first entered into after the child's 16th birthday who are regularly attending high school or enrolled in a program leading to a high school diploma or its equivalent; regularly attending an institution of higher education or postsecondary vocational or technical program; participating in a program or activity that promotes or removes barriers to employment; employed for at least 80 hours a month; or incapable of doing any of these activities due to a documented medical condition.

SECTION 2 would amend Section 264.101, Family Code, to continue foster care payments to age 22 if a child is regularly attending high school or enrolled in a program leading to a high school diploma or its equivalent, and to age 21 if a child meets other eligibility criteria such as participating in a program or activity that promotes or removes barriers to employment or being employed for at least 80 hours a month.

SECTION 5 would amend Chapter 264, Family Code, to establish a new Permanency Care Assistance (PCA) program. It would require the Department of Family and Protective Services (DFPS) to enter into PCA agreements with eligible kinship providers who are the prospective managing conservator of a foster child. These agreements must be in writing and provide for the payment of monthly permanency care assistance benefits to the kinship provider. The bill would permit the agency to extend PCA benefits to age 21 under circumstances similar to those noted above for the extension of adoption subsidy payments. It would also permit the agency to reimburse expenses the kinship provider incurs in obtaining permanent managing conservatorship of the child (including attorney's fees and court costs) not to exceed \$2,000. The bill would require the Executive Commissioner of Health and Human Services to adopt rules establishing eligibility requirements and providing for the amount of payments to be made under the program. SECTION 6 requires the Executive Commissioner to adopt the rules no later than December 1, 2009.

The bill would take effect on September 1, 2009.

Methodology

Extension of Adoption Subsidy Payments. State law currently provides adoption subsidy payments to age 18 for all children covered by an adoption assistance agreement; extends the payments to age 19 if the child is receiving financial support from parents and enrolled in a high school, vocational or technical program; and extends the payments to age 21 if the child is receiving financial support from parents, has a disability, and an application has been filed for Supplemental Security Income. The extended payments are currently financed with General Revenue Funds. DFPS indicates that on average 54 children age 16 and 17 were covered by a new adoption assistance agreement each year over the past five years. It is assumed that about half this number would become eligible for extended adoption subsidy payments under the bill each year starting on December 1, 2009; the average monthly payment would be approximately \$430; and the payments would last until the child's 21st birthday. Federal matching funds would be available to finance the extended payments for children who meet Title IV-E adoption assistance program eligibility requirements. The total cost would be \$0.1 million in fiscal year 2010, \$0.3 million in fiscal year 2011, and \$0.4 million in subsequent years. Any additional cost associated with Medicaid coverage for the newly eligible children is assumed to be insignificant.

Continuation of Foster Care Payments. State law currently provides foster care payments to age 18 for all children; continues the payments until the child graduates from high school or ceases to be enrolled in a secondary school program leading toward a high school diploma; and continues the payments to age 21 if the child is regularly attending an institution of higher education or a vocational or technical program. The extended payments are currently financed with General Revenue Funds. DFPS estimates that extended payments would continue for 461 children starting in fiscal year 2010, with some of the General Revenue cost offset by newly available federal matching funds that can be used to finance payments for children who meet Title IV-E foster care program eligibility requirements. The agency also estimates that an average of 24 children would begin receiving extended payments starting in fiscal year 2010 based on a 5 percent growth factor. The total cost

would be \$0.5 million in fiscal year 2010, \$1.1 million in fiscal year 2011, and approximately \$1.7 million each subsequent year. This includes a General Revenue savings of \$0.8 million in fiscal year 2010, \$1.5 million in fiscal year 2011, and approximately \$2.4 million each subsequent year due to the additional federal matching funds. Any additional cost associated with Medicaid coverage for the newly eligible children is assumed to be insignificant.

Establishment of Permanency Care Assistance (PCA) Program. DFPS estimates that permanency care would be arranged for 612 children placed in the Relative and Other Designated Caregiver Program each year, including 545 children living with a relative and 67 children living with an unrelated adult with whom they have a longstanding and significant relationship. It is assumed that the relatives and other designated caregivers would become licensed or verified foster care providers, receive monthly foster care payments for the children in their care for six months, and then receive monthly permanency care assistance benefits until the children reach age 18 or 21. The total cost for foster care and permanency care assistance benefits would be \$5.0 million in fiscal year 2010 and \$8.6 million in fiscal year 2011, rising to \$18.2 million in fiscal year 2014. The General Revenue portion of this cost would be \$3.2 million in fiscal year 2010 and \$4.6 million in fiscal year 2011, rising to \$13.9 million in fiscal year 2014. These costs would be slightly offset by a savings of \$0.3 million per year in reimbursement expenses (estimated to be \$500 per child).

DFPS also estimates that permanency care would be arranged for 362 children currently living in paid foster care. The total cost for permanency assistance benefits for this group of children would be \$1.7 million in fiscal year 2011 and \$1.8 million each subsequent year. This cost would be offset by foster care savings of \$5.4 million in fiscal year 2011 and \$5.9 million each subsequent year.

DFPS indicates it would need 1 FTE (Program Specialist VI) to coordinate and develop rules and policy for the program, and 12 FTEs (Program Specialist IVs) to negotiate permanency assistance agreements starting in June 2010. The total cost would be \$0.5 million in fiscal year 2010, and \$1.1 million in subsequent years.

Technology

DFPS indicates it will need to make significant changes to the IMPACT automation system to allow the payment of monthly permanency care assistance benefits. The estimated costs 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