

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 16, 2009

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

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

IN RE: HB3492 by Corte (Relating to a pilot program for the provision of certain child protective services functions of the Department of Family and Protective Services by a private entity.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB3492, As Introduced: a negative impact of (\$14,862,251) 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	(\$11,225,518)
2011	(\$3,636,733)
2012	(\$3,636,733)
2013	(\$3,636,733)
2014	(\$3,636,733)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable (Cost) from GR Match For Medicaid 758	Probable (Cost) from Federal Funds 555	Change in Number of State Employees from FY 2009
2010	(\$11,107,891)	(\$117,627)	(\$1,687,872)	55.3
2011	(\$3,612,814)	(\$23,919)	(\$610,541)	56.0
2012	(\$3,612,814)	(\$23,919)	(\$610,541)	56.0
2013	(\$3,612,814)	(\$23,919)	(\$610,541)	56.0
2014	(\$3,612,814)	(\$23,919)	(\$610,541)	56.0

Fiscal Analysis

The bill would create a program for outsourced child protective case management services in Bexar County. The bill would require the Department of Family and Protective Services (DFPS) to assist a local community board established by the bill in the selection of a lead agency through a competitive bidding process for the provision of case management services in Bexar County.

The bill would require DFPS to conduct an initial investigation of a report of abuse or neglect to determine whether any has occurred and whether to remove a child from the child's parent or guardian. The bill would require DFPS to close the case if it is determined that abuse or neglect has not occurred. The bill would require DFPS to refer the case to the lead agency if it is determined that

there is reason to believe that abuse or neglect has occurred but that the removal of the child is not warranted. The bill would require DFPS to petition the court for removal if it is determined that there is reason to believe that abuse or neglect has occurred and that removal of the child from the parent or guardian is warranted.

The bill would require the lead agency, if during the course of providing case management services the lead agency has reason to believe that removal of a child is warranted, to notify DFPS to review the case. The bill would require DFPS to conduct another investigation. The bill would require the lead agency and DFPS to jointly petition the court for removal of the child from the legal parent or guardian, if it is determined there is reason to believe that removal of a child is warranted.

The bill would require DFPS and the local community board to jointly select a person to act as an independent evaluator of the lead agency through a competitive bidding process.

The bill would require the Comptroller of Public Accounts (CPA) to determine the percentage of DFPS' budget spent providing case management services in Bexar County during the preceding fiscal biennium. The bill would require DFPS, based on the CPA's determination, to set aside the percentage of the agency's appropriation for the 2010-11 biennium for the provision of case management services in Bexar County to pay for services provided under the contract with the lead agency. The bill would prohibit DFPS from spending that portion of the agency's budget that is set aside for Bexar County for any other purpose. The bill would require DFPS to pay the lead agency \$3.5 million to fund the lead agency's start-up costs.

The bill sets forth deadlines that the local community board must meet, including completion and publication of the request for proposal and selection of the lead agency and independent evaluator and the assumption of responsibilities for providing case management services from DFPS by the lead agency.

Methodology

It is assumed that the program would cover all cases in Bexar County, including those placed in Bexar County from other legal jurisdictions. It is assumed that DFPS would remain as the managing conservator of children covered by the program. It is also assumed that while funds for the payment of case management in Bexar County would be set aside, as required by the bill, provisions of the bill that require action by DFPS could generate additional costs, as estimated below. The agency notes that provisions of the bill may affect the state's ability to claim Federal Funds for services offered in Bexar County. The potential for any loss in Federal Funds has not been included in this estimate.

DFPS estimates that one full-time equivalent position (FTE) would be required to assist the local community board in developing the procurement for a lead agency and for an independent evaluator.

According to DFPS, in fiscal year 2008, 515 children were removed from their home by a family-based safety services caseworker during the course of an open family preservation case in Bexar County. DFPS assumes that because the bill requires an investigation upon referral by the lead agency, the contracted caseworkers could no longer remove the child from their home. Based on the 515 children removed in fiscal year 2008, DFPS assumes an average of 43 removals a month and 40 hours per removal for a total of 1,720 staff hours per month on removals. DFPS estimates that additional 17 FTEs would be necessary for the provision of investigation and removal following referral by the lead agency.

It is assumed that DFPS would continue in the agency's role as managing conservator. DFPS estimates 1,931 cases would need to be managed based on 3,090 children with an active legal status in Bexar County as of February 2009, and an average of 1.6 children per legal case. DFPS estimates that 31 FTEs would be required to ensure there is a managing conservator presence at court proceedings and to ensure that placement decision making responsibility is maintained, assuming that each liaison would have responsibility for 100 cases representing approximately 160 children.

It is assumed that all other case management services would be provided by the lead agency and that the local community board would be responsible for contract performance monitoring and oversight.

It is assumed that the cost to the CPA for determining what percentage of DFPS' budget was spent providing case management services in Bexar County would not be significant and could be absorbed within existing resources.

It is assumed that the amount determined by the CPA to be spent by DFPS on case management services in Bexar County would be conveyed to the lead agency for the provision of case management services, although the manner in which funds would be conveyed is not stipulated in the bill. Because the lead agency would be providing case management services in Bexar County, a reduction in case management services provided by DFPS and a corresponding reduction in the number of FTEs required for the provision of services would result. However, without determination by the CPA, as required by the bill, the extent of the reduction in staff and related services is not known and is not included in this estimate. DFPS notes that replacement of a portion of the funding that may be included in the CPA analysis would be necessary because some costs are not variable, such as a regional director and other regional support staff for the remaining services provided throughout Region 8.

DFPS assumes that payment of \$3.5 million to the lead agency for start-up costs would have to come from General Revenue Funds because Federal Funds cannot be used for start-up costs.

The total cost of the bill would be \$12.9 million in All Funds, including \$11.2 million in General Revenue, in fiscal year 2010, and \$4.2 million in All Funds, including \$3.6 million in General Revenue, in each subsequent fiscal year.

Technology

The agency assumes the bill would require the provision of a web-based extranet for contract caseworker record keeping, reporting, and training. DFPS estimates a technology impact of \$4.9 million in fiscal year 2010, and \$92 thousand in each subsequent fiscal year.

Local Government Impact

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

Source Agencies: 530 Family and Protective Services, Department of

LBB Staff: JOB, CL, PP, JJ