LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

February 19, 2017

TO: Honorable Richard Peña Raymond, Chair, House Committee on Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB4** by Burkett (Relating to monetary assistance provided by the Department of Family and Protective Services to certain relative or designated caregivers; creating a criminal offense; creating a civil penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4, As Introduced: a negative impact of ($32,543,356) through the biennium ending August 31, 2019.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	($15,488,587)
2019	($17,054,769)
2020	($18,069,054)
2021	($18,901,247)
2022	($19,823,831)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Fund* 1	Probable Savings/(Cost) from *GR Match For Title IV-E FMAP* 8008	Probable Savings/(Cost) from *Federal Funds* 555
2018	($17,930,408)	$2,441,821	$4,237,408
2019	($19,495,199)	$2,440,430	$4,372,793
2020	($20,513,642)	$2,444,588	$4,386,958
2021	($21,339,278)	$2,438,031	$4,375,192
2022	($22,261,862)	$2,438,031	$4,375,192

Fiscal Analysis

The bill would amend the payment structure for caregiver assistance payments entered into by the Department of Family and Protective Services (DFPS) with relative and other designated caregivers. Instead of providing a uniform annual payment, the bill would require a payment of up to 50 percent of the daily basic foster care rate for caregivers with income at or below 300 percent of the federal poverty limit (FPL) and a one-time payment of up to $1,000 and annual payments thereafter of up to $500 for caregivers with income above 300 percent FPL but less than or equal to 500 percent FPL. Payments would be eliminated for caregivers with income above 500 percent FPL. Any caregiver with income up to 300 percent FPL who entered into an agreement on or after June 1, 2017 but before the effective date of the bill and received monetary assistance would not begin receiving additional payments until the previous payment had been offset.

The bill creates a criminal offense (state jail felony or felony of the third degree if a repeat offense) and civil penalty for persons knowingly entering into a fraudulent caregiver assistance agreement. The bill would require the attorney general to bring an action to recover a civil penalty authorized by the bill. The executive commissioner of the Health and Human Services Commission (HHSC) would be authorized to adopt rules necessary to determine if a violation had occurred.

Methodology

The actual number of children who might be diverted from paid foster care is not known. The estimated cost of this legislation is based on the assumptions outlined below, but costs could be higher or lower depending on actual placements. If the percentage of basic level of care children were higher or children were diverted from other, higher cost, levels of care savings would be increased. For example, if 32 percent of children were diverted from paid foster care the savings would be sufficient to offset all other costs to General Revenue Funds of the bill beginning in fiscal year 2018.

According to DFPS, 70 percent of children in a placement resulting in relative caregiver monetary assistance payments are placed with families having an income up to 300 percent FPL. Based on this estimate, the number of projected recipients of monetary assistance payments under the current structure, and an assumed payment duration of eighteen months, it is assumed that 8,170 average monthly caregivers in fiscal year 2018 will receive a daily payment of $11.55 (50 percent of the current daily basic foster care rate) increasing each year to 9,379 average monthly caregivers by fiscal year 2022. After accounting for savings from no longer making the current annual payments to these caregivers and the required offset for agreements entered into from June to August of 2017, the estimated cost under the new structure of payments to families with income up to 300 percent FPL is $25.9 million in General Revenue Funds in fiscal year 2018 increasing to $30.5 million in General Revenue Funds by fiscal year 2022.

It is assumed the bill would have no effect on the cost of payments for the estimated 14 percent of children placed with families with income above 300 percent but not greater than 500 percent of FPL. It is assumed the remaining 16 percent of children reside in homes with income above 500 percent FPL and no payments would be made for those placements resulting in a savings of $5.1 to $5.2 million in General Revenue Funds in each of fiscal years 2018 through 2022.

It is assumed the new payment structure will increase placements of children with relatives who will receive monetary assistance, reducing paid foster care placements. It is assumed 10 percent of foster care children at the basic level of care will be diverted to the relative caregiver program resulting in an estimated increase of 933 average monthly recipients of the $11.55 daily payment in fiscal year 2018 and an estimated cost of $3.9 million in General Revenue Funds, increasing to 945 average monthly recipients and an estimated cost of $4.0 million in General Revenue Funds by fiscal year 2022. The estimated savings to paid foster care for these children, assuming the projected weighted average daily rate across placement types, is $13.7 to $13.8 million in All Funds, including $9.4 million in General Revenue Funds and $4.3 to $4.4 million in Federal Funds, in each of fiscal years 2018 to 2022. The net savings to General Revenue Funds for children diverted from paid foster care to a relative placement is estimated to be $5.4 million in each of fiscal years 2018 to 2022.

This analysis assumes the provisions of the bill addressing felony sanctions for criminal offenses would not result in a significant impact on state correctional agencies. This analysis assumes no increase in fraud cases and no significant fiscal impact to HHSC for the Office of Inspector General. It is assumed there would be no significant fiscal impact to HHSC from provisions authorizing the executive commissioner to adopt rules.

According to the Office of the Attorney General, Office of Court Administration, and Texas Judicial Council, any additional work resulting from the passage of this bill could be absorbed within current resources.

DFPS estimates a one-time cost of $250,000 in All Funds, including $185,289 in General Revenue Funds, in fiscal year 2018 for modifications to the IMPACT system to allow payments to be processed under the new structure. This analysis assumes IMPACT upgrades are completed in a timely manner. The agency may need to employ temporary employees for manual payment processing if modifications are delayed. This analysis does not reflect any cost for those temporary employees.

The net estimated cost of the bill is $11.3 million in All Funds, including a cost of $15.5 million in General Revenue Funds and a savings of $4.2 million in Federal Funds, in fiscal year 2018 with the cost expected to increase each year due to caseload growth, reaching $15.4 million in All Funds, including a cost of $19.8 million in General Revenue Funds and a savings of $4.3 million in Federal Funds, by fiscal year 2022.

Technology

There would be a one-time cost of $250,000 in All Funds, including $185,289 in General Revenue Funds for modifications to the IMPACT system.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 529 Health and Human Services Commission, 530 Family and Protective Services, Department of, 696 Department of Criminal Justice

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