

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: HB6 by Frank (Relating to the statewide implementation of community-based foster care by the Department of Family and Protective Services.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB6, As Introduced: a negative impact of (\$13,872,011) through the biennium ending August 31, 2019.

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
2018	(\$5,946,630)
2019	(\$7,925,381)
2020	(\$10,001,137)
2021	(\$12,303,528)
2022	(\$14,592,123)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>GR Match For Medicaid</i> 758	Probable Savings/(Cost) from <i>GR Match For Title IV- E FMAP</i> 8008	Probable Savings/(Cost) from <i>Federal Funds</i> 555
2018	(\$5,199,965)	(\$21,080)	(\$725,585)	(\$1,232,300)
2019	(\$7,173,621)	(\$23,343)	(\$728,417)	(\$1,280,299)
2020	(\$9,232,342)	(\$26,507)	(\$742,288)	(\$1,333,572)
2021	(\$11,514,221)	(\$32,173)	(\$757,134)	(\$1,411,601)
2022	(\$13,782,169)	(\$37,677)	(\$772,277)	(\$1,488,438)

Fiscal Year	Change in Number of State Employees from FY 2017
2018	(337.6)
2019	(639.6)
2020	(818.6)
2021	(1,043.6)
2022	(1,237.6)

Fiscal Analysis

The bill would require the Department of Family and Protective Services (DFPS) to pay for day care for qualifying foster children if the foster parent is employed on a part-time basis.

The bill would require DFPS to expand community-based foster care statewide. The bill would require community-based foster care to be expanded to two catchment areas no later than Dec 31, 2019, and to at least one additional catchment area each subsequent year. The bill would require DFPS to establish a community engagement oversight group in each catchment area.

The bill would require that single source continuum contractors providing foster care service delivery must fulfill certain criteria, including licensure by DFPS. The bill would require that contracts with single source continuum contractors providing foster care must specify performance targets and incentives and would provide DFPS with authority to adjust daily residential payment rates. The bill would require DFPS to establish a contingency plan in case of early contract termination.

The bill would require DFPS to annually report certain data indicators.

The bill would require DFPS to create a foster care services contract compliance and oversight division.

The bill would require DFPS to create a process to simplify and streamline licensing and verification rules for foster homes and child placing agencies.

Methodology

According to DFPS, there are 6,381 children eligible for day care based on age and school enrollment. It is assumed that 13 percent of these children (830) are currently not eligible for day care reimbursement because of the part-time employment of the foster parent. It is assumed that 61.3 percent of these children (509) are already in a regular child care arrangement that DFPS would be obligated to pay for under the provisions of the bill. It is assumed that each of these children would receive an average of 18.6 days of paid day care each month at an average daily cost of \$24.53 in fiscal year 2018, \$25.02 in fiscal year 2019, and increasing by 2.5 percent each year thereafter. The total estimated cost of new day care services is \$2.9 million in All Funds, including \$1.9 million in General Revenue Funds and \$1.0 million in Federal Funds, in fiscal year 2018 increasing each year to \$3.2 million in All Funds, including \$2.0 million in General Revenue Funds and \$1.1 million in Federal Funds, by fiscal year 2022. Additionally, this analysis assumes that the expanded services would require the addition of 1.0 employee at an initial cost of \$84,864 in fiscal year 2018 and \$77,081 in ongoing cost in each year thereafter.

This analysis assumes the expansion of community-based foster care into one additional

catchment area in fiscal year 2018 and an additional catchment area each year thereafter. It is assumed the requirement to expand to two catchment areas by December 2019 intends two additional areas and does not include the catchment area where services are currently being provided. This analysis assumes that rates paid to Single Source Continuum Contracts (SSCCs), including the foster care blended and enhanced rate, Quality and Utilization Management, Resource Transfers, and Indirect Cost Rates, would be cost-neutral to DFPS due to the transfer of corresponding duties away from DFPS. Authorizing DFPS to adjust rates could result in increased costs not reflected in this analysis. Based on rollout of community-based foster care expansion, this analysis assumes that the Enhanced Network Support payment of \$1,200 per child would represent a new cost to General Revenue Funds of \$1.8 million in fiscal year 2018, increasing each fiscal year as each new catchment area is added to \$8.8 million by fiscal year 2022.

This analysis assumes that SSCC contract management and oversight would require 6.0 full-time equivalents (FTEs) in fiscal year 2018 (3.0 for the existing region and 3.0 for the new region) and 3.0 additional FTEs in each year thereafter as additional regions are added. The total estimated costs of these FTEs would be \$0.7 million in All Funds in fiscal year 2018, including \$0.6 million in General Revenue Funds and \$0.1 million in Federal Funds, increasing each year to \$1.9 million in All Funds, including \$1.7 million in General Revenue Funds and \$0.2 million in Federal Funds, in fiscal year 2022.

According to DFPS, one Program Specialist IV would be needed to oversee establishment of a community engagement oversight group in each catchment area, at an initial cost of \$138,437 in All Funds in fiscal year 2018 and \$131,777 in ongoing All Funds cost in each fiscal year thereafter.

According to DFPS, there would be an annual cost of \$393,000 in General Revenue Funds for an independent evaluation of processes and outcomes in community-based foster care.

This analysis assumes that in order to create a new division within the agency to oversee contract compliance and achievement of performance-based outcomes by vendors, the agency would require 10.0 additional direct delivery FTEs along with 1.0 supervisor in fiscal years 2018 to 2020, with 3.0 additional FTEs each year thereafter as additional regions are added. The ongoing cost per FTE is assumed at \$6,500 per FTE per month plus benefits assumed at 35.12 percent with an additional one-time set up cost of \$5,400 per FTE. Costs for these FTEs are estimated to be \$1.1 million in All Funds in fiscal year 2018, including \$1.0 million in General Revenue Funds and \$0.1 million in Federal Funds, increasing to \$1.8 million in All Funds in fiscal year 2022, including \$1.6 million in General Revenue Funds and \$0.2 million in Federal Funds.

DFPS identifies 356.6 FTEs reduced in fiscal year 2018, increasing to 843.6 in fiscal year 2020. Additionally, based on realization of that initial reduction level, this analysis assumes additional FTE reductions increasing to 1,274.6 in fiscal year 2022 as additional catchment areas are added to community-based foster care. However, it is assumed that these FTE reductions would be cost neutral due to transfer of services and costs to SSCCs.

The net estimated cost of the bill in fiscal year 2018 is \$7.2 million in All Funds, including \$5.9 million in General Revenue Funds and \$1.2 million in Federal Funds, with the cost expected to increase each fiscal year due to expansion of community-based foster care catchment areas and increased day care services, reaching \$16.1 million in All Funds, including \$14.6 million in General Revenue Funds and \$1.5 million in Federal Funds, by fiscal year 2022.

Technology

Technology costs are estimated to be \$35,200 in the 2018-19 biennium for one-time implementation costs. This includes \$1,600 per additional FTE for computer and laptop accessories.

Local Government Impact

According to the Texas Association of Counties, there is a possible fiscal impact to counties to implement the provisions of the bill. However, the impact is not anticipated to be significant in most counties.

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

LBB Staff: UP, KCA, LR, JBi, JGA, JLi, RC