

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 26, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1542** by Price (Relating to the definition of the least restrictive environment for the placement of children in foster care.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1542, As Introduced: a negative impact of (\$136,730,742) 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	(\$41,827,793)
2019	(\$94,902,949)
2020	(\$98,244,129)
2021	(\$100,382,856)
2022	(\$102,897,740)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable (Cost) from GR Match For Title IV- E FMAP 8008	Probable (Cost) from Federal Funds 555	Probable Savings from General Revenue Fund 1
2018	(\$41,127,201)	(\$5,252,889)	(\$15,362,916)	\$4,552,297
2019	(\$91,322,374)	(\$11,070,833)	(\$32,733,554)	\$7,490,258
2020	(\$94,867,673)	(\$10,954,022)	(\$32,196,769)	\$7,577,566
2021	(\$97,354,544)	(\$10,698,423)	(\$31,247,867)	\$7,670,111
2022	(\$100,193,077)	(\$10,470,744)	(\$30,376,943)	\$7,766,081

Fiscal Analysis

This bill would amend the Family Code relating to the definition of the least restrictive environment for the placement of children in foster care.

The bill would add a definition for the "least restrictive environment" in a foster care placement, and would require additional restrictions for the placement of a child designated by the department as one who needs basic or moderate services.

The bill would take effect September 1, 2017.

Methodology

The bill is estimated to result in a net cost of \$57.2 million in All Funds in fiscal year 2018, \$127.6 million in All Funds in fiscal year 2019, \$130.4 million in All Funds in fiscal year 2020, \$131.6 million in All Funds in fiscal year 2021, and \$133.3 million in All Funds in fiscal year 2022.

The analysis assumes that the statute would only apply to new placements, and that the Department of Family and Protective Services (DFPS) would not be required to move a child from an existing placement if it does not meet the proposed requirements.

It is also assumed that, based on the current definition of "foster home" in Section 42.002 of the Human Resources Code, unverified kinship family placements would not meet the definition established for least restrictive placement in foster care for children with basic or moderate needs.

According to DFPS, the cost savings related to children no longer receiving an unverified kinship placement would total \$4.6 million in General Revenue in fiscal year 2018, \$7.5 million in General Revenue in fiscal year 2019, and approximately \$7.7 million in General Revenue each subsequent fiscal year.

These saving would be offset by the cost to transition these children into a foster home. Assuming the existing statewide mix between service type and service provider and existing rates of \$23.10 per day for DFPS homes, \$43.71 per day for child placing agency homes and general residential operations (GROs) providing basic care, and \$76.72 per day for GROs providing moderate care, the agency estimates the cost of foster home placement would total \$61.7 million in fiscal year 2018, \$135.1 million in All Funds in fiscal year 2019, \$138.0 million in All Funds in fiscal year 2020, \$139.3 million in All Funds in fiscal year 2021, and \$133.3 million in All Funds in fiscal year 2022.

In addition, the agency identified potential costs that cannot be estimated at this time, including the fiscal impact of subsequent moves of children already in foster care, the impact of children with basic or moderate needs that would have been placed in an emergency shelter, and the potential impact of increased reliance on child-specific contracts needed to ensure sufficient capacity among providers, including residential service providers.

Finally, the agency identified the potential of losing existing federal funding. Current federal law under the Social Security Act, Title IV-E, Sec 475(5)(A), requires states to place a child in foster care in the least restrictive, most family-like setting available, consistent with the child's best interest and special needs. If the federal government considers DFPS to be out of compliance with this federal regulation due to removal of the discretion associated with additional considerations

for the child's best interests and special needs, DFPS could potentially lose existing Title IV-E federal funding, which could cost the state approximately \$109 million in General Revenue Funds each fiscal year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 530 Family and Protective Services, Department of

LBB Staff: UP, KCA, EP, JLi, JBi