

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 23, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3552 by Swanson (Relating to the foster care payment rate for certain foster parents and the reimbursement of certain expenses for the foster parent; creating a criminal offense.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time. Insufficient information is available to determine whether the net effect of changes to reimbursement rates for foster families would be a cost or a savings. There would be a cost associated with reimbursement for enrichment activities but insufficient information is available to determine the magnitude.

The bill would reduce payments rates to foster parents when more than one child with a basic or moderate service level is placed in a home. Payments would be reduced to 80 percent of the daily foster care reimbursement rate for the second child placed with the foster parent; 60 percent for the third child; 40 percent for the fourth child; and 20 percent for the fifth child. No additional payment would be made for six or more children. Additionally, the bill would increase 24-hour residential child care rates paid to a foster family for a child by 20 percent.

According to the Department of Family and Protective Services, sufficient data does not exist regarding the number of children per foster family in each of the tiers of the payment structure to estimate the cost of the rate decrease. The interaction of the 20 percent increase with the tiered rate reduction for multiple child placements would be such that costs would increase for families with two or fewer foster placements and decrease for families with three or more placements. Insufficient information is available to determine whether the net effect would be a cost or a savings. Additionally, this rate structure could result in a loss of placement capacity, disruption of existing placements, and difficulty placing sibling groups. The tiered rate structure could also result in a need to move children into higher cost settings due to loss of capacity in the foster care system resulting from rate reductions.

The bill would require DFPS to reimburse a foster parent for monetary expenses related to the participation of a foster child in enrichment activities. The bill would not put a cap on reimbursement for enrichment activities, and cost could vary significantly based on usage. It is not known how many requests there might be or what the cost per request would be. Potential costs to General Revenue funds could be significant in fiscal year 2018 and each year thereafter. The bill would create a Class C misdemeanor if a person fraudulently attempts to receive a reimbursement under this section.

Local Government Impact

A Class C misdemeanor is punishable by a fine of not more than \$500. Costs associated with enforcement and prosecution could likely be absorbed within existing resources. Revenue gain from fines imposed and collected is not anticipated to have a significant fiscal impact. In addition to the fine, punishment can include up to 180 days of deferred disposition.

Source Agencies: 530 Family and Protective Services, Department of

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