

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 11, 2017

TO: Honorable Tan Parker, Chair, House Committee on Investments & Financial Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3921 by Parker (Relating to the financial exploitation of certain vulnerable adults.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3921, As Introduced: a negative impact of (\$37,670,243) 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	(\$20,550,261)
2019	(\$17,119,982)
2020	(\$17,119,982)
2021	(\$17,119,982)
2022	(\$17,119,982)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Federal Funds</i> 555	Change in Number of State Employees from FY 2017
2018	(\$20,550,261)	(\$1,218,894)	227.0
2019	(\$17,119,982)	(\$846,686)	227.0
2020	(\$17,119,982)	(\$846,686)	227.0
2021	(\$17,119,982)	(\$846,686)	227.0
2022	(\$17,119,982)	(\$846,686)	227.0

Fiscal Analysis

The bill would amend the Finance Code, Securities Act, and the Human Resources Code relating to the financial exploitation of certain vulnerable adults.

The bill would expand the definition of financial abuse and financial exploitation, and would require persons in financial institutions, securities dealers, and financial advisors to report suspected financial exploitation of elderly or disabled adults.

The bill would require financial institutions, dealers, and advisors to investigate reports of exploitation and make reports to the Department of Family and Protective Services (DFPS), appropriate local law enforcement, and certain other appropriate state agencies.

The bill would allow a financial institution to place a hold on a transaction involving a vulnerable adult involved in a report or investigation.

The bill would take effect September 1, 2017.

Methodology

According to DFPS, the new definition of financial abuse and financial exploitation would expand the scope of the Adult Protective Service's (APS) authority to investigate by 16,897 intakes per year. According to the agency assumptions that Statewide Intake averages 1.5 intakes per hour and APS averages 120 intakes per investigator per year for this type of case, the agency would require 7.0 additional Statewide Intake Investigator full-time equivalent (FTE) positions, 141.0 additional APS In-Home Investigator FTEs, and 79.0 additional support staff FTEs. The analysis assumes that each additional FTE would cost approximately \$80,825 per fiscal year for related benefits and expenses, and approximately \$6,500 in fiscal year 2018 for one-time set up costs.

In addition, DFPS estimates that upgrades to the IMPACT system would cost \$1,944,911 in fiscal year 2018 in order to capture and report the new investigation data required by the provisions of this bill.

Any related costs to the Department of Banking, Consumer Credit Commission, Credit Union Department, and Department Savings and Mortgage Lending would have no fiscal implication to the state as these agencies are self-directed and semi-independent.

Technology

The annual technology impact totals \$1,944,911 for system upgrades in fiscal year 2018, and approximately \$1,350 per FTE each fiscal year beginning in fiscal year 2018 for related computer and data center services expenses.

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, 450 Department of Savings and Mortgage Lending, 451 Department of Banking, 466 Office of Consumer Credit Commissioner, 469 Credit Union Department, 530 Family and Protective Services, Department of

LBB Staff: UP, CL, EP, JLi, EK