

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 27, 2017

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB11 by Schwertner (Relating to the provision of child protective services and other health and human services by certain state agencies or under contract with a state agency, including foster care, child protective, relative and kinship caregiver support, prevention and early intervention health care, and adoptive services.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for SB11, Conference Committee Report: a negative impact of (\$11,848,701) through the biennium ending August 31, 2019.

Due to the unknown number of potential grantees in the newly created grant program at the Office of the Governor to support faith-based community programs that collaborate with DFPS to improve foster care, the fiscal impact of the total awards cannot be determined at this time.

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	(\$6,634,076)
2019	(\$5,214,625)
2020	(\$6,880,769)
2021	(\$8,555,254)
2022	(\$10,238,430)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from GR Match For Medicaid 758	Probable Savings/(Cost) from Federal Funds 555	Change in Number of State Employees from FY 2017
2018	(\$6,563,142)	(\$70,934)	(\$709,342)	(203.3)
2019	(\$5,166,008)	(\$48,617)	(\$486,169)	(297.0)
2020	(\$6,832,266)	(\$48,503)	(\$485,033)	(298.0)
2021	(\$8,506,758)	(\$48,496)	(\$484,960)	(298.7)
2022	(\$10,189,821)	(\$48,609)	(\$486,087)	(299.5)

Fiscal Analysis

The bill would amend the Family Code, Government Code, and Human Resources Code relating to the provisions of child protective services and other health and human services by certain state agencies or under contract with a state agency, including foster care, child protective, relative and kinship caregiver support, prevention and early intervention health care, and adoption services.

The bill would require DFPS to ensure any child entering conservatorship of the state receives a medical examination within three business days if they have been removed as a result of sexual or physical abuse, or if they have a chronic medical condition.

The bill would require DFPS to identify not more than eight catchment areas in the state best suited to implement community-based foster care, and then upon development and completion of a readiness review process, begin expanding community-based foster care into those areas. The bill would also require DFPS to transfer case management services in catchment areas that have been executed before September 1, 2017.

The bill would require DFPS to establish a pilot program to contract Family Based Safety Services (FBSS) case management services in two regions in the state.

The bill would require DFPS to establish a contract provision process for single source continuum contractors (SSCCs) to report the results of the SSCC's best interest determination for a child when the contractor concludes that the determination conflicts with a contract performance measure.

The bill would require the creation of a data access and standards governance council.

The bill would require DFPS to develop a formal review process to evaluate a single source continuum contractor's implementation of placement and case management services, and to review contractor's decisions related to case management.

The bill would require all Child Care Licensing abuse and neglect investigations to remain at DFPS instead of transferring to the Health and Human Services Commission (HHSC) and allows the two agencies to coordinate certain investigative services.

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

The bill would require the Governor to establish and administer a grant program to support faith-based community programs that collaborate with DFPS to improve foster care.

The bill would require DFPS to complete a foster parent recruitment study.

The bill would take effect September 1, 2017.

Methodology

According to DFPS, the agency would require additional resources to ensure that a child taken into custody by the agency would receive a medical screening within three days if they have been removed as a result of sexual or physical abuse, or if they have a chronic medical condition. Based on experiences from other states that have implemented similar provisions, the agency estimates that half of new removals would need transportation to the required medical examination by DFPS or the Single Source Continuum Contractor (SSCC). According to the DFPS projected removals and the DFPS assumption that each medical examination would require six hours of transportation services, the agency would require 19.0 additional Full-time Equivalent (FTE) case aide positions to cover children in the legacy system. The additional FTEs would cost of approximately \$64,650 per FTE in All Funds in fiscal year 2018 and approximately \$57,000 per FTE in All Funds each subsequent fiscal year.

This analysis assumes the expansion of community-based foster care into one additional catchment area each year beginning in fiscal year 2019. This analysis assumes that rates paid to 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 \$0.8 million in fiscal year 2019, increasing each fiscal year as each new catchment area is added to \$5.9 million by fiscal year 2022.

In addition, while the analysis assumes that any cost to transfer case management services would be offset by corresponding savings at DFPS and the Employee Retirement System (ERS), the expansion of case management oversight requirements in community-based foster care would result in increased costs at DFPS. The reduction of direct delivery FTEs providing case management services at DFPS would total 144.1 FTEs in fiscal year 2018, 212.9 FTEs in fiscal year 2019, 214.0 FTEs in fiscal year 2020, 214.7 in fiscal year 2021, and 215.6 in fiscal year 2022, and would be offset by additional staff needed for the purposes of case management oversight services.

The analysis assumes that the agency would require 1.0 FTE for each 200 children served in community-based foster care. Assuming the transfer of case management services in Region 3B beginning in fiscal year 2018 and Region 2C beginning in fiscal year 2019, DFPS would require 8.6 FTEs for case management oversight in fiscal year 2018, growing to 9.9 FTEs by fiscal year 2022. The ongoing cost per FTE is assumed at \$6,500 per FTE/per month plus benefits, with an additional one-time set up cost of \$5,400 per FTE.

Similarly, for the FBSS case management pilot, the analysis assumes that the agency would require 1.0 FTE for each 200 children served in community-based care and 1.0 FTE for each 200 children served in the two FBSS pilot regions. Based on the projected number of children in foster care in Region 3B and the projected average number of children receiving FBSS services in one additional region of the state, DFPS would require 6.0 FTEs for case management oversight each fiscal year. The ongoing cost per FTE is assumed at \$6,500 per FTE per month plus benefits, with an additional one-time set up cost of \$5,400 per FTE. Costs for these FTEs are estimated to be approximately \$0.6 million in All Funds in each fiscal year.

According to DFPS, there would be an additional one-time startup cost of \$1,997,000 for initial case management transfer planning and an annual cost of \$393,000 in General Revenue Funds for an independent evaluation of processes and outcomes in community-based foster care.

According to DFPS, one Program Specialist VI would be needed to oversee establishment of a Data Access and Governance Council, at an initial cost of \$98,922 in All Funds in fiscal year 2018 and \$92,262 in ongoing All Funds costs in each subsequent fiscal year. The agency also anticipates that they would need 1.0 Quality Improvement Leader and 4.0 Case Analysts would be needed to complete the required contract provision work, at an initial cost of \$489,499 in All Funds in fiscal year 2018 and \$457,568 in All Funds in each subsequent fiscal year.

This analysis assumes that in order to create a new division within the agency to oversee contract compliance, oversight, and quality assurance, the agency would require 10.0 additional direct delivery FTEs along with 1.0 supervisor beginning in fiscal years 2018. The ongoing cost per FTE is assumed at \$6,500 per FTE per month plus benefits, with an additional one-time set up cost of \$5,400 per FTE. Costs for these FTEs are estimated to be \$1.2 million in All Funds in each fiscal year.

The analysis also assumes that the requirements related to Child Care Licensing investigations services would result in a net zero net impact to the state, as the two agencies are allowed to coordinate services, and any increased cost to either DFPS or HHSC would be offset by a corresponding decrease in costs at the other agency.

The provisions related to the grant program to support faith-based community programs collaborating with DFPS to improve foster care would limit the initial duration of a grant under this program to two years and no more than \$300,000, but does not include any provisions limiting or directing the number of grants awarded.

Further, the Office of the Governor anticipates the proposed program expenses as, added in Section 264.2042, Family Code, would be eligible for federal Victims of Crime Act (VOCA) funding. However, as VOCA funds have specific usage restrictions, this analysis assumes the program would be structured to only provide programs and services for VOCA-eligible victims and activities under the provisions of the bill. The Governor's office may choose to work with the Department of Justice to ensure eligibility in advance of granting the awards. Ultimately, if they are not an allowable use, the agency would need to find an alternative source of funding to pay for the program in lieu of federal VOCA funds. Based on this, and the assumption that funding is not diverted from existing programs to fund the related grants, this analysis estimates an indeterminate fiscal impact to the state associated with implementation of this provision due to inadequate available data on the number of potential grantees.

Finally, the agency anticipates the cost to complete the foster parent recruitment study would require \$250,000 in General Revenue in fiscal year 2018.

Based on information provided by DFPS, HHSC, and the Office of the Governor, this analysis assumes that the remaining duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing agency resources.

Technology

Technology costs in the 2018-19 biennium are estimated to total \$82,720 for one-time employee implementation costs 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: 530 Family and Protective Services, Department of, 529 Health and Human Services Commission

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