

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 5, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB11 by Schwertner (Relating to the administration of services provided by the Department of Family and Protective Services, including foster care, child protective services, and prevention and early intervention services.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB11, Committee Report 2nd House, Substituted: a negative impact of (\$17,556,024) 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 | (\$8,915,044) |
| 2019 | (\$8,640,980) |
| 2020 | (\$10,344,930) |
| 2021 | (\$12,058,671) |
| 2022 | (\$13,782,215) |

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 | (\$8,119,883) | (\$69,576) | (\$725,585) | (\$1,717,257) |
| 2019 | (\$7,101,188) | (\$47,339) | (\$1,492,453) | (\$4,275,108) |
| 2020 | (\$8,791,380) | (\$47,226) | (\$1,506,324) | (\$4,295,606) |
| 2021 | (\$10,490,283) | (\$47,218) | (\$1,521,170) | (\$4,316,903) |
| 2022 | (\$12,198,567) | (\$47,335) | (\$1,536,313) | (\$4,339,864) |

| Fiscal Year | Change in Number of State Employees from FY 2017 |
|--------------------|---|
| 2018 | (205.3) |
| 2019 | (299.0) |
| 2020 | (300.0) |
| 2021 | (300.7) |
| 2022 | (301.5) |

Fiscal Analysis

The bill would amend the Family Code, Government Code, and Human Resources Code relating to the administration of services provided by the Department of Family and Protective Services (DFPS), including foster care, child protective services, and prevention and early intervention services.

The bill would require DFPS to ensure any child entering conservatorship of the state receives a medical examination within three to five business days.

The bill would require the 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 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 to not more than two catchment areas after the implementation of community-based foster care.

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 community engagement oversight group in each catchment area.

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 create a Child Protective Services Legislative Oversight Committee.

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 modify the existing Child Care Licensing licensure process to allow a child-placing agency to issue a provisional verification to a prospective agency foster home.

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 to five days. 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.

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, including benefits, of \$114,745 in fiscal year 2018 and \$104,221 in ongoing cost in each year thereafter.

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 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. Additionally, 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. Finally, according to DFPS, one Program Specialist VI would be needed to oversee establishment the Child Protective Services Legislative Oversight Committee, at an initial cost of \$100,457 in All Funds in fiscal year 2018 and \$93,797 in ongoing All Funds cost in each fiscal year thereafter.

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.

In addition, the analysis assumes that provisions of the bill related to provisional verification of foster homes would allow kinship caregivers who are going through the process of becoming verified foster parents to receive foster care payments at an earlier date. According to DFPS, the average kinship foster family takes three months to achieve full licensure. Under current law, no new Permanency Care Assistance agreements may be entered into after the close of fiscal year 2017. It is assumed that this will result in a 50 percent reduction in the number of families entering paid kinship care, as federal and state law requires that a home must be verified for a minimum of six consecutive months to be eligible for Permanency Care Assistance and many families undertake the verification process in order to receive Permanency Care.

This analysis assumes that provisional licensure will begin on September 1, 2018 to provide time to promulgate program rules. Based on fiscal year 2016 data, it is assumed that approximately 1,200 children would enter paid kinship care annually. The children would be eligible for an extra three months of payments, at an average monthly cost of \$1,214. Total costs would be \$1.6 million in General Revenue and \$4.4 million in All Funds in fiscal year 2019 and each year thereafter. This analysis assumes that IV-E eligibility and method of finance would remain constant. In the event that the Permanency Care Assistance program is continued, DFPS assumes that any costs associated with provisional verification would be offset by a faster exit from the foster system.

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.

Based on information provided by DFPS and HHSC, 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 are estimated to be \$79,520 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: 530 Family and Protective Services, Department of, 529 Health and Human Services Commission

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