

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 5, 2017

TO: Honorable Charles Schwertner, Chair, Senate Committee on Health & Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB1208** by Schwertner (Relating to the licensing of certain facilities, homes, and agencies that provide child-care services.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1208, As Introduced: a negative impact of (\$2,366,271) 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	(\$750,000)
2019	(\$1,616,271)
2020	(\$1,616,271)
2021	(\$1,616,271)
2022	(\$1,616,271)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Federal Funds 555	Probable Savings/(Cost) from GR Match For Title IV-E FMAP 8008
2018	(\$750,000)	\$0	\$0
2019	(\$852,235)	(\$2,754,851)	(\$764,036)
2020	(\$852,235)	(\$2,754,851)	(\$764,036)
2021	(\$852,235)	(\$2,754,851)	(\$764,036)
2022	(\$852,235)	(\$2,754,851)	(\$764,036)

Fiscal Analysis

The bill would modify the existing Child Care Licensing licensure process to allow for additional license types for certain providers of child-care services. The bill would allow a child-placing agency to issue a provisional verification to a prospective agency foster home. The Executive Commissioner of HHSC would be authorized to adopt rules to establish the criteria for a child-placing agency to issue a provisional verification. The bill would take effect September 1, 2017.

Methodology

This analysis assumes that the addition of licensing types will require significant changes to the Child Care Licensing Automated Support System (CLASS). DFPS is currently in the process of initiating several projects related to IMPACT Phase II, and this analysis assumes that enhancements to the current system within the larger set of IMPACT projects would cost an additional estimated \$750,000 in fiscal year 2018.

Based on the LBB's analysis of the Department of Family and Protective Services, the addition of new license types would not result in children moving into different rate levels.

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.

Based on the LBB's analysis of the Health and Human Services Commission, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Technology

This analysis assumes that the addition of licensing types will require significant changes to the Child Care Licensing Automated Support System (CLASS). DFPS is currently in the process of initiating several projects related to IMPACT Phase II, and this analysis assumes that enhancements to the current system within the larger set of IMPACT projects would cost an additional estimated \$750,000 in fiscal year 2018.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission, 530 Family and Protective Services, Department of

LBB Staff: UP, KCA, EP, MDI, JBi, JLi, RC, TBo