

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 16, 2019

TO: Honorable Joan Huffman, Chair, Senate Committee on State Affairs

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB1113 by Davis, Sarah (Relating to state contract limitations and programs for sex trafficking prevention and victim treatment.), **As Engrossed**

The fiscal implications of the bill cannot be determined at this time. Depending on the number of victims that may qualify for services at an inpatient and outpatient level and the amount, number, and timing of grants distributed by the matching grant program for municipal sex trafficking prevention programs there would be some fiscal impact to the state.

The bill would prohibits state agencies from accepting a bid or awarding a contract that includes financial participation by a person who has been convicted if any human trafficking-related offense in the previous five years.

The Health and Human Services Commission (HHSC) would be required to establish a program to improve the quality and accessibility of care for victims of child sex trafficking and designate a health-related institution of higher education (HRI) to operate it. The designated HRI would provide or contract for inpatient and outpatient care for victims; create opportunities for research and workforce expansion related to treating victims; and assist other HRIs in establishing similar programs. The designated institution would be authorized to accept gifts, grants, and donations, in addition to funding appropriated by the legislature, for carrying out the program.

HHSC would also establish a matching grant program to award matching grants to municipalities for the development of a sex trafficking prevention needs assessment. The needs assessment would be developed in collaboration with a local institution of higher education. HHSC would be authorized to solicit and accept gifts, grants, and donations, in addition to funding appropriated by the legislature, to administer and finance the matching grant program.

The Office of the Governor would be required to establish and administer a grant program to train local law enforcement officers to recognize signs of sex trafficking. The Office of the Governor would be authorized to solicit and accept gifts, grants, and donations, in addition to funding appropriated by the legislature, to administer and finance the grant program.

The number of victims that may qualify for services at an inpatient and outpatient level is unknown. This analysis assumes HHSC would contract with a health-related institution of higher education to operate the treatment program for victims of child sex trafficking, including operation of a 20-bed unit to provide inpatient care for victims of child sex trafficking. This analysis assumes an average daily cost per inpatient bed of \$562.21 in fiscal year 2020 and \$597.26 in fiscal years 2021 through 2024, for a total of \$4.1 million in General Revenue in fiscal

year 2020 and \$4.4 million in fiscal years 2021 through 2024. This analysis also assumes the program would provide outpatient care for approximately 216 victims of child sex trafficking per year at an annual cost of \$5,100 per victim served, for a total of \$1.1 million in General Revenue per fiscal year. These estimates could vary depending on the number of beds at the inpatient unit and the number of victims receiving outpatient care.

In addition, funding amounts to create opportunities for research and workforce expansion related to treatment of victims of child sex trafficking, and to assist other health-related institutions of higher education to establish similar programs, are unknown and would vary depending on funds appropriated for that purpose.

Costs of the matching grants may vary depending on the infrastructure and existing resources of the municipalities and local law enforcement agencies. For illustrative purposes, HHSC estimates that grants to 5 large, 4 medium, and 4 small municipalities would cost approximately \$1.0 million per year, half of which would be the local municipality's matching funds. In addition, HHSC indicated it would need one additional contract manager to oversee the grant program.

The Office of the Governor indicates that provisions of the bill could be absorbed with existing resources.

Local Government Impact

There could be some impact to local units of government from receiving and/or providing matching funds for a grant under the bill.

Source Agencies: 300 Truusted Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 781 Higher Education Coordinating Board

LBB Staff: WP, CMa, JQ, BH, AKi, SB, JSm