

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 20, 2021**

**TO:** Honorable James B. Frank, Chair, House Committee on Human Services

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3691** by Frank (Relating to the statewide implementation of community-based foster care by the Department of Family and Protective Services.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3691, Committee Report 1st House, Substituted : a negative impact of (\$3,423,619) through the biennium ending August 31, 2023.

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:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2022	(\$1,165,046)
2023	(\$2,258,573)
2024	(\$9,356,629)
2025	(\$3,270,805)
2026	(\$3,262,532)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<b>Probable Savings/(Cost) from GR Match For Medicaid 758</b>	<b>Probable Savings/(Cost) from Federal Funds 555</b>	<b>Change in Number of State Employees from FY 2021</b>
2022	(\$1,152,243)	(\$12,803)	(\$115,224)	4.0
2023	(\$2,233,754)	(\$24,819)	(\$223,375)	5.1
2024	(\$9,255,722)	(\$100,907)	(\$899,072)	(85.0)
2025	(\$3,242,631)	(\$28,174)	(\$216,599)	(222.0)
2026	(\$3,235,499)	(\$27,033)	(\$201,295)	(222.0)

**Fiscal Analysis**

The bill would amend Family Code for the definition of case management to include expanded statutory duties of case management, and add a new definition for children who are candidates for foster care, family preservations services and plan, and foster care services. In addition, the bill would only allow the Department of Family and Protective Services (DFPS) to provide Family Based Safety Services (FBSS) that qualify under the federal Family First Prevention Services Act (FFPSA). The bill would also amend the current requirements established for CBC implementation plans.

In addition, the bill would add requirements to CBC contract provisions to include family preservation services, specify the state and catchment area specific resources transferred to the Single Source Continuum Contractor (SSCC), add a risk sharing funding model between the state and SSCC, mandate that SSCC contract terms be consistent with statute and only have terms authorized by statute or administrative law, and allow for the SSCC to apply for a waiver with DFPS to waive statutory and regulatory requirements to increase innovation in reaching performance outcomes.

## **Methodology**

This analysis assumes the population of children to be served is approximately 10.0 percent of the current Family Based Safety Services (FBSS) caseload in future catchment areas. The reduction in estimated number of families served is based upon the new definition of "a child at risk for foster care who is at imminent risk of removal" and the requirement of a court order directing the family to receive family preservation services. This analysis also assumes a reduction in staff that would result as DFPS would no longer provide FBSS services that do not meet the new definition of family preservation services.

This analysis assumes that DFPS would provide the SSCCs a resource transfer amount adequate to support a 1:5 caseload due to the complexity of family needs for the defined population. In addition, DFPS would retain existing DFPS FBSS staff in the catchment area for approximately six months to allow families with open cases who do not meet the new criteria to complete services prior to case closure. The impact on investigations and conservatorship caseloads, and paid foster care due to the reduction in FBSS services cannot be determined at this time.

This analysis assumes to provide additional oversight to the SSCCs for the services provided to children, DFPS would need 16.0 Case management Oversight Full-time Equivalents (FTEs), 1.0 Program Specialist V FTE and 1.0 Management Analyst III FTE.

This analysis assumes the need of 3.8 Contractor IT FTEs in fiscal year 2022 and fiscal year 2023 for 7,321 hours of work to add new service codes to the Information Management Protecting Adults and Children in Texas (IMPACT) system, evaluating and updating the pre-bill and invoice validation batch processes; building a 2-way data sharing with SSCC; and creating a new data mart in the data warehouse. Additional costs include setting up a server to facilitate sharing large files between SSCCs and DFPS as well as the cost for the server application license.

This analysis assumes that DFPS would be required to compensate the SSCC for the delivery of family preservation services in accordance with the federal Family First Prevention Services Act as identified in the new definition. A cost per family of \$3,547 is assumed based upon similar cost experience delivering evidenced based practices within the DFPS Prevention and Early Intervention program. This analysis assumed that DFPS would provide the evaluation of the FFPSA services required in order to claim federal funds and would result in a cost of \$250,000 in each fiscal year, which is based on similar types of evaluations. This analysis assumes DFPS would require 1.0 Program Specialist V FTEs in fiscal year 2023 and 2.0 Program Specialists V FTEs in fiscal year 2024 to provide evaluations and to provide ongoing as CBC regions roll-out.

This analysis assumes a cost of \$250,000 per fiscal year to evaluate the existing SSCCs and would assume an incremental increase of \$25,000 for each additional SSCC for a new annual evaluation of each SSCC by an independent entity focused on process, fiscal and qualitative measures in addition to the outcome evaluation currently performed. DFPS would require 1.0 Data Analyst IV FTE to assist the evaluators in creating requirements for the data sets, producing the data sets, provide ongoing technical assistance to support the timely completion of the annual evaluation. In addition, DFPS would require 1.0 Program Specialist V FTE for coordination, facilitation, compilation, and production of ongoing annual catchment area implementation plan reports.

This analysis cannot determine the cost for the risk sharing funding model that balances risk between the state and the contractor and mitigates the financial effects of significant unforeseen changes in the contractor's duties and responsibilities or its contract population.

The bill would require DFPS to review and adjust CBC funding annually based on updated cost and financial methodologies including changes to policy, foster care rates, or regional service utilization. This analysis cannot determine the cost of such adjustments.

The bill would limit contract terms to those required by applicable law and may only include terms authorized by Texas statute or administrative code and allow a contractor the ability to apply for a waiver from statutory or regulatory requirements to increase innovation and flexibility. This analysis cannot determine the cost as DFPS must remain in compliance with requirements of federal law and remedial orders of the federal court. This could pose risks for the agency in relation to the potential loss of federal funding or imposition of federal sanctions and federal court sanctions should the contracts not be subject to their requirements.

Based on analysis of the Health and Human Services Commission, it is assumed that the costs to implement the provisions of the bill could be absorbed within existing resources.

### **Technology**

This analysis assumes the modification to IMPACT and other IT modifications would result in a need of \$414,133 in fiscal year 2022, \$581,665 in fiscal year 2023, \$85,227 in fiscal year 2024, \$86,491 in fiscal year 2025, and \$87,773 in fiscal year 2026. In addition, this would require 3.8 Contractor IT Full-time Equivalents (FTEs) in fiscal year 2022 and fiscal year 2023.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Hlth & Human Svcs Comm, 530 Family & Protective Services

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