

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 5, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB24 by Kolkhorst (Relating to the powers and duties of the Health and Human Services Commission and the transfer to the commission of certain powers and duties from the Department of Family and Protective Services), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB24, Committee Report 2nd House, Substituted : a negative impact of (\$22,864,391) through the biennium ending August 31, 2025.

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>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$12,970,532)
2025	(\$9,893,859)
2026	(\$6,888,343)
2027	(\$7,348,847)
2028	(\$6,853,038)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from GR Match For Medicaid 758</i>	<i>Probable Savings/(Cost) from GR Match For Title XXI 8010</i>	<i>Probable Savings/(Cost) from GR Match for SNAP Admin 8014</i>
2024	(\$11,054,107)	(\$1,507,134)	(\$14,492)	(\$394,799)
2025	(\$8,132,408)	(\$1,388,759)	(\$13,011)	(\$359,681)
2026	(\$5,604,199)	(\$1,026,628)	(\$8,822)	(\$248,694)
2027	(\$6,076,691)	(\$1,017,569)	(\$8,715)	(\$245,872)
2028	(\$5,579,887)	(\$1,018,362)	(\$8,721)	(\$246,068)

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from Federal Funds 555</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$1,954,609)	43.8
2025	(\$1,796,049)	43.8
2026	(\$1,308,270)	43.8
2027	(\$1,296,013)	43.8
2028	(\$1,297,027)	43.8

Fiscal Analysis

The bill would rename Prevention and Early Intervention Services to Family Support Services and transfer services from the Department of Family and Protective Services (DFPS) to the Health and Human Services Commission (HHSC). The bill would require HHSC to administer grants and contracts for the services, coordinate with other HHSC programs, develop and implement a five-year strategic plan, and develop outcome indicators to evaluate family support services programs and practices.

The bill would also transfer the Child Abuse Neglect Prevention Trust Fund and Operating Account from DFPS to HHSC. The bill would transfer the Community Youth Development Grant Program, the Nurse-Family Partnership Competitive Grant Program, and the Texas Home Visiting Program from DFPS to HHSC.

The bill would establish the Thriving Texas Families Program and define program services. The bill would require HHSC to monitor program performance outcomes, conduct impact evaluations through a third party, perform audits of performance outcome reports, and provide an annual report on the program.

The bill would transfer all powers, duties, functions, programs, employees, administrative support services, contracts, property, records, and other resources required to implement the bill on September 1, 2024.

Methodology

The transfer of direct program costs and staff from DFPS to HHSC would have no net costs and would include the transfer of \$116.6 million in All Funds and 71.0 full-time equivalents (FTEs) each fiscal year starting in fiscal year 2025, including all funding in DFPS Goal C, Prevention Programs, except the Runaway Youth Hotline, and including the Chief Well-Being Officer in Strategy E.1.1, Central Administration.

Based on information provided by HHSC, the analysis assumes the transfer of Family Support Services to HHSC would result in increased indirect support costs at both DFPS and HHSC, primarily related to information technology (IT) costs. This would include 22.0 FTEs for IT Support, 2.0 FTEs for financial support, 3.0 FTEs for program support, 4.0 FTEs for data analytics support, 1.0 FTE for communication support, and 1.0 FTE for management support.

HHSC and DFPS also indicated costs for non-staff indirect support costs for program transfer including \$3.6 million in fiscal year 2024 and \$0.9 million in fiscal year 2025 for DFPS to prepare for migration of data and decoupling from existing programs. HHSC indicated non-staff indirect support costs would total \$2.1 million in fiscal year 2024 and \$1.7 million in subsequent fiscal years.

The analysis also assumes HHSC would require an additional 5.0 FTEs to improve data, analytics, and performances related to increased data and reporting required by the bill. Non-staff IT costs related to increased data and reporting would be \$3.2 million in fiscal year 2024, \$2.7 million in fiscal year 2025, and \$0.6 million in subsequent fiscal years.

The analysis assumes costs related to providing services for the Thriving Texas Families Program would come from existing resources in HHSC Strategy A.1.2, Alternatives to Abortion. According to HHSC, the agency would require an additional 3.0 legal FTEs and 1.0 data analyst FTE related to new requirements for the Thriving Texas Families Program. In addition, the analysis assumes costs of \$0.5 million in every second fiscal year to complete third-party evaluations of the program.

In addition, HHSC indicated the agency would require 1.8 Program Specialist V FTEs related to indirect support for the FTEs described above.

The analysis assumes total costs related to new FTEs for program transfer, increased data and reporting, and the establishment of the Thriving Texas Families Program would total \$6.0 million in fiscal year 2024 and \$5.9 million in subsequent fiscal years.

Technology

Total IT costs include \$9.1 million in fiscal year 2024, \$5.4 million in fiscal year 2025, \$2.4 million in fiscal year 2026, and \$2.3 million in subsequent fiscal years. This includes IT costs related to new FTEs, non-staff indirect support costs for program transfer, and non-staff IT costs related to the increased data and reporting as described in the methodology.

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: JMc, NPe, ER, NDA, NV