LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 25, 2023

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB1389** by Parker (Relating to authorizing adoption assistance agreements for certain children after a final adoption order is rendered.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1389, As Introduced : a negative impact of ($2,727,223) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2024	($1,316,216)
2025	($1,411,007)
2026	($1,874,149)
2027	($2,351,732)
2028	($2,822,914)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable (Cost) from GR Match For Medicaid 758	Probable (Cost) from Federal Funds 555	Probable Revenue Gain from General Revenue Fund 1
2024	($1,322,776)	($2,191)	($568,729)	$8,751
2025	($1,447,318)	($341)	($2,578,374)	$36,652
2026	($1,916,967)	($120)	($3,500,404)	$42,938
2027	($2,405,547)	($120)	($4,436,430)	$53,935
2028	($2,887,293)	($120)	($5,354,534)	$64,499

Fiscal Year	Change in Number of State Employees from FY 2023
2024	2.0
2025	2.0
2026	2.0
2027	2.0
2028	2.0

Fiscal Analysis

The bill would allow the department to enter into an adoption assistance agreement for a child after a court has entered a final order of adoption if the child after the adoption is finalized, is diagnosed as having special needs, and would have qualified for adoption assistance if the child was determined to have special needs before the adoption.

Methodology

This analysis assumes an additional 172.0 children in fiscal year 2024 would be eligible for adoption assistance payments. The number of children is assumed to increase to 404.0 in fiscal year 2025, 562.0 in fiscal year 2026, 720.0 in fiscal year 2027 and 878.0 in fiscal year 2028. This analysis assumes the Department of Family and Protective Services would obtain approval from the Administration of Children and Families for a State Plan amendment by September 1, 2024, to draw down federal funding for the new population. This analysis also assumes 2.0 Eligibility Specialist II Fulltime Equivalents (FTEs) in each fiscal year to process the additional adoption payments.

These children would also qualify for the Medicaid STAR program. This analysis assumes identical increases in Medicaid STAR Health caseloads with an estimated cost of $0.8 million in All Funds, including $0.2 million in General Revenue, in fiscal year 2024, increasing each subsequent fiscal year to $3.7 million in All Funds, including $1.0 million in General Revenue in fiscal year 2028.

The increase in client services payments through managed care is assumed to result in an increase to insurance premium tax revenue, estimated as 1.75 percent of the increased managed care expenditures. Pursuant to Section 227.001(b) of Insurance Code, 25.0 percent of the revenue is assumed to be deposited to the credit of the Foundation School Fund.

This analysis assumes 1.0 Contracted FTE in fiscal year 2024 and 1,224 hours of work for modifications to the Information Management Protecting Adults and Children in Texas (IMPACT) system. Changes include updates to the adoption payment pages, new data elements, and automated reporting for the new information.

Technology

Included in costs is $125,501 in General Revenue in fiscal year 2024 and $12,840 in General Revenue in fiscal year 2025 for IT modifications.

Local Government Impact

No 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, AN, NV