

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 31, 2025

TO: Honorable Lacey Hull, Chair, House Committee on Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB741 by Gervin-Hawkins (Relating to the procedures for the removal of certain children in the managing conservatorship of the Department of Family and Protective Services and monetary assistance provided by the Department of Family and Protective Services to certain relative or designated caregivers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB741, As Introduced: a negative impact of (\$192,742,838) through the biennium ending August 31, 2027.

The fiscal implications of providing reimbursement of all child-care expenses incurred while the department is the child's managing conservator cannot be determined due to the agency's inability to accurately determine the number of children with a developmental disability. Additionally, the fiscal implications of providing reimbursement of all child-care expenses incurred after the caregiver is appointed permanent managing conservator of the child cannot be determined since the payments will be dependent on the time of exit and age of the youth. Lastly, the fiscal implications of providing monetary assistance retroactively to caregivers cannot be determined due to uncertainty of how many individuals would qualify for payments or services.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$95,185,556)
2027	(\$97,557,282)
2028	(\$100,120,763)
2029	(\$102,877,085)
2030	(\$105,965,937)

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 Federal Funds 555</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$95,176,868)	(\$8,688)	(\$8,231,568)	7.0
2027	(\$97,551,309)	(\$5,973)	(\$8,308,550)	7.0
2028	(\$100,118,528)	(\$2,235)	(\$8,411,794)	2.0
2029	(\$102,874,847)	(\$2,238)	(\$8,506,183)	2.0
2030	(\$105,963,696)	(\$2,241)	(\$8,625,007)	2.0

Fiscal Analysis

The bill would remove income eligibility and require the Department of Family and Protective Services (DFPS) to provide monetary assistance to each relative or other designated care of a payment equal to the department's minimum daily foster care reimbursement rate for the child. The bill would also remove income eligibility and require DFPS to reimburse all child-care expenses while the department is the managing conservator and reimburse 50 percent of child-care expenses after the caregiver is appointed permanent managing conservator of the child incurred while the child is under 13 years of age, or under 18 years of age if the child has a developmental disability.

Methodology

Based on historical data, approximately 55 percent of unverified kinship placements met current income eligibility requirements for reimbursement under the Relative or Other Designated Caregiver program. This analysis assumes 45 percent or approximately 2,729 individuals would become newly eligible for payments in fiscal year 2026 at a daily rate of \$46.90, which is equal to the minimum daily foster care reimbursement rate. This analysis also assumes that the remaining 3,332 individuals, that are currently receiving services at \$23.45 per day, will now receive the minimum daily foster care reimbursement rate, or \$46.90 per day. Due to income requirements for reimbursement under Temporary Assistance for Needy Families (TANF), it is assumed that the newly eligible payments will be 100 percent State General Revenue Fund. The estimated cost would be \$75,244,223 in All Funds in fiscal year 2026, \$76,296,755 in All Funds in fiscal year 2027, \$77,575,633 in All Funds fiscal year 2028, \$78,448,021 in All Funds in fiscal year 2029 and \$79,546,294 in All Funds in fiscal year 2030.

Additionally, the bill would remove the income eligibility requirements for reimbursement of all child-care expenses for unverified kinship placements. This analysis assumes 56 percent of individuals in unverified kinship placements, or approximately 2,700 individuals, are ages 0-5 that would now qualify for reimbursement of full-time child-care services. This analysis assumes an additional 30 percent of unverified kinship placements, or approximately 1,446 individuals, are ages 6-12 that would now qualify for reimbursement of after school and summertime child-care services. This analysis assumes that all newly eligible individuals would utilize available services. The estimated cost would be \$27,085,905 in General Revenue in fiscal year 2026, \$28,825,759 in General Revenue in fiscal year 2027, \$30,680,817 in General Revenue in fiscal year 2028, \$32,658,774 in General Revenue in fiscal year 2029 and \$34,767,804 in General Revenue in fiscal year 2030.

To assist with increased day care service requests, this analysis assumes the need of 2.0 Regional Day Care Coordinator Full-Time Equivalents (FTEs) in each fiscal year to process these requests.

This analysis assumes the need to modify the Information Management Protecting Adults and Children in Texas (IMPACT) to allow for processing of all relative or other designated caregiver monetary payments. These modifications are expected to result in 2,165 hours of work and the need of 1.0 Contracted Systems Analyst V FTE in fiscal year 2026 to complete the work.

According to DFPS, until IMPACT modification can be completed, the agency would have to process the increase in payments manually. This analysis assumes that there would be 2,729 individuals who would now qualify for payments. This analysis assumes that each FTE can process 30 invoices a day, or 600 per month, therefore, to process the additional payments, 5.0 Accountant II FTEs are needed in fiscal years 2026 and 2027. The FTEs are no longer needed following fiscal year 2027 as it is assumed IMPACT modifications will be completed.

DFPS is unable to determine the fiscal impact of providing reimbursement of all child-care expenses incurred while the department is the child's managing conservator due to the agency's being unable to accurately determine the number of children with a developmental disability. Additionally, DFPS cannot determine the fiscal impact of reimbursement of all child-care expenses incurred after the caregiver is appointed permanent managing conservator of the child since the payments will be dependent on the time of exit and age of youth. Lastly, DFPS is unable to determine the fiscal impact of providing monetary assistance retroactively to caregivers due to uncertainty of how many individuals would qualify for payments or services.

It is assumed that any costs to the Health and Human Services Commission could be absorbed within existing resources.

Technology

Technology costs to modify the IMPACT system are estimated to be \$241,681 in All Funds in fiscal year 2026.

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

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