

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 24, 2025

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB1398** by Kolkhorst (Relating to certain procedures in a suit affecting the parent-child relationship for a child placed in the conservatorship of the Department of Family and Protective Services and the provision of family preservation services and community-based foster care.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1398, As Passed 2nd House: a negative impact of (\$454,080) through the biennium ending August 31, 2027.

The fiscal implications of any additional technology costs cannot be determined until the conclusion of the results from the capitated funding model.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	(\$8,984)
2027	(\$445,096)
2028	(\$908,069)
2029	(\$3,708,896)
2030	(\$3,709,072)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund 1</i>	Probable Savings/(Cost) from <i>GR Match For Medicaid 758</i>	Probable Savings/(Cost) from <i>GR Match For Title IV-E FMAP 8008</i>	Probable Savings/(Cost) from <i>Federal Funds 555</i>
2026	(\$6,190)	(\$2,794)	\$0	(\$27,697)
2027	(\$435,528)	(\$9,568)	\$0	(\$59,906)
2028	(\$899,117)	(\$8,952)	\$0	(\$55,305)
2029	(\$399,287)	(\$8,953)	(\$3,300,656)	(\$4,971,380)
2030	(\$399,461)	(\$8,955)	(\$3,300,656)	(\$4,971,391)

<i>Fiscal Year</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	1.0
2027	1.0
2028	1.0
2029	1.0
2030	1.0

Fiscal Analysis

The bill would remove the requirement for an independent evaluation of each contractor's processes and fiscal and qualitative outcomes. The bill would include contract provisions to establish a sequential plan for the implementation of family preservation services in Community-based Care. The bill would also allow the Department of Family and Protective Services (DFPS) to transfer the provision of family preservation services to the contractor if the contractor is not under a corrective action plan, if the contractor has demonstrated capacity to provide services, and an external review indicates the contractor has adequate system and processes in place. The bill would require DFPS to adopt a capitated funding model.

Methodology

According to DFPS, since the agency is no longer required to have an independent process evaluation this would result in annual cost savings. It is assumed the savings would total \$215,000 in General Revenue in each fiscal year.

To establish a sequential plan for the implementation of family preservation services to Single Source Continuum Contractors (SSCC) in Community-based Care (CBC), this analysis assumes the need for a third-party contract to develop the capitated funding model to review current practices and how caseload changes will impact financial feasibility for the SSCCs. It is assumed that there would be a one-time cost of \$500,000 in General Revenue in fiscal year 2028 for the contract.

This analysis also assumes the need to procure an external reviewer to assess an SSCC's readiness for the transfer of family preservation services responsibilities. DFPS assumes that for current SSCCs, that are not on a corrective action plan and who pass the external review implementation, would begin at the end of fiscal year 2028 as family preservation services would be implemented after case management is transitioned. For new SSCCs, DFPS anticipates that near the end of fiscal year 2028 the assessment of family preservation services would begin. The cost for the external evaluator is assumed to be \$525,000 in All Funds in each fiscal year beginning in fiscal year 2027. The cost is based on the current Process Evaluation contract. DFPS assumes \$75,000 per SSCC with 7 regions being eligible for review in fiscal year 2027. DFPS assumes that in fiscal year 2026 they will procure the contract with the external evaluator and therefore reviews would not begin until fiscal year 2027.

To conduct the required annual performance review, this analysis assumes 1.0 Records Analyst V Full-Time Equivalent (FTE) would be needed to conduct the review for family preservation services and ongoing development work for existing CBCs.

According to DFPS, the Texas Family First Pilot program will end after fiscal year 2025 due to the expiration of the federal grant. This analysis assumes the two regions that were included in the pilot are still eligible for family preservation services. To date, funding for those regions total \$8,216,719 in All Funds in each fiscal year and this analysis assumes the same costs in fiscal years 2029 and 2030 following the external review. While not included in the above amounts, DFPS estimates that to expand the pilot statewide, it would likely result in a total annual cost of \$24,459,136 in All Funds.

This analysis assumes Information Management Protective Adults and Children in Texas (IMPACT) system and Contracts and Grants Management system modifications are needed to document annual SSCC performance reviews, collect performance measures identified in the bill, and update contract documentation. This analysis assumes 0.3 System Analyst V Contracted FTEs would be needed in fiscal years 2026 to complete 628 hours of work and 0.2 System Analyst Contracted FTEs in fiscal year 2027 to complete 320 hours of work.

DFPS is unable to determine if any additional technology costs would be needed until the conclusion of the results of the capitated funding model.

It is assumed any costs to the Office of Court Administration could be absorbed within existing resources.

Technology

Technology costs for IMPACT modifications are estimated to be \$70,052 in All Funds in fiscal year 2026 and \$34,778 in All Funds in fiscal year 2027.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 530 Family and Protective Services,
Department of

LBB Staff: JMc, NPe, ER, AN, NV