

Legislative Meeting

Texas Budget and Foster Care Rates
Texas Alliance of Child and Family Services
February 1, 2011

Budget Process

- House and Senate file a version of the general appropriations bill
 - Initial budget based on the Comptroller's general revenue estimate
 - Assumes no additional revenue
- Public hearings scheduled by Senate Finance and House Appropriations
 - Testimony provided by state agencies and the public
- Committee members begin "markup" process to agree on funding per agency
 - Work done in Health and Human Services Subcommittee (House) and workgroup in Senate
 - Advocacy centers on subcommittee / workgroup members and State Leaders
- Full committee votes out revised bill- House will vote out first
- Bill passed by House with floor amendments

Budget Process Continued

- Senate Finance Committee substitutes their “markup” version of budget
- Full Senate approves Senate version with amendments
- Conference Committee appointed to resolve areas of disagreement
 - Items same in both bills with identical funding - no change allowed
 - In both bills with different funding levels- amount of funding at discretion of conference within levels funded
 - Only in one version- can be included or excluded
 - Items not included in either version cannot be added
- Each chamber approves conference committee report - Comptroller certifies
- Sent to Governor who has line item veto power

Texas Shortfall

Economic Slowdown

- **Cost:** \$9 billion general revenue decline
- Comptroller issues conservative estimate
- 81% of GR goes to Health and Human Services and Education

Federal Matching Rate Declines

- **Cost:** \$4.3 billion
- Federal match goes from 70/30 (stimulus package) to 58/42
- Impacts federal entitlements including Medicaid and Foster Care

Gross Receipts Business Tax Underperforms

- **Cost:** \$1.2 billion (Source: Sen. Ogden's Senate Speech)

Additional Revenue Sources

- Comptroller can certify additional revenue in May if economy improves
- Rainy Day Fund balance is \$9.2 billion
- Senator Ogden, Chair Senate Finance Remarks:
 - Reform Medicaid- potential savings \$4.5 billion
 - Reform Public School Finance- \$5.5 billion

Additional Revenue Sources

- Defer Payments into Subsequent Biennium - \$.547 billion*
 - Not appropriate for foster care families
- Expand Medicaid Managed Care - \$0.601 billion*
- Cut Selected Non-Federally Required Medicaid Programs- \$.067 billion*
 - Adoption Services and Foster Care Services STAR Health listed by Texas Conservative Coalition Research Institute Report
- Legislation that produces additional revenue
 - Gambling, Liquor Sales

*Source: Texas Conservative Coalition Blueprint For A Balanced Budget

House/Senate File Similar Budgets

- House /Senate: Minor differences in initial budgets
- Provider rate reductions represent 12% of GR reductions in both bills
 - Medicaid: 10% reduction
 - Nursing Homes: 10% reduction
 - Foster Care: 5% reduction to average daily rate
 - Methodology: Rollback of 2009 increase (20 mil. GR) plus 1% reduction
 - Adoption subsidies and permanency care assistance payments were reduced 1%
- DFPS Budget Differ on Prevention
 - Senate provides \$2.3 million for “Other At-Risk Prevention Programs” which was zeroed out in House bill

Items Not Included In Filed Bills

Health and Human Services

- Does not include funding for clients projected to be eligible for and enroll in Medicaid program. Cost: 1.7 billion in GR
- Does not replace loss Federal Stimulus Money that funded higher federal match.
 - Cost: \$4.3 billion

Education

- Almost \$10 billion below the amount needed to fund school finance formulas under Education Code.
- 13.7% reduction in state and local entitlements

DFPS Budget

- Caseload growth for foster care and adoption subsidies not funded, but performance measure targets in the bill reflect growth
- Current FTE cap was reduced by 823.6 in both years
 - 91% of reduction or 749.5 FTEs are from CPS
- GR match was eliminated for purchased adoptions, post-adoption services, and Preparation for Adult Living services, and was replaced with an assumed local match.
- PEI Programs not cut as proposed by DFPS (DFPS proposed 84.1% cut to programs)
 - Prevention programs cut 40% by Senate and 45% by House.
 - House eliminates "Other At-risk programs"/ Senate funds at \$2.3 mil.
 - 32.4 % reduction to STAR and CYD

DFPS Budget

- The Relative Caregiver program (monetary assistance, day care services, and home assessments) were not funded.
- The health care benefit for non-special needs adoptions was not funded.
- Funds for day care services were reduced by 23% for children in CPS cases living at home or with a relative, and by 10% for children in foster homes where both foster parents work full time.
- Funds for operational changes to the agency's casework management automated systems were eliminated.

DFPS Budget

Budget Item	Requested 2012	Requested 2013	Recommend 2012	Recommend 2013
Caseworkers	459,469,321	460,841,818	394,810,658	394,825,912
Substitute Care Caseloads	26.9	26.8	28.6	29.1
Foster Care	435,869,552	450,108,950	338,893,616	365,182,356
FC Clients	18,191	18,782	16,909	17,386
STAR -41%	23,100,948	23,100,948	13,699,728	13,699,728
STAR clients	6,613	6,473	4,015	4,015
CYD -41%	8,632,359	8,632,359	5,039,300	5,039,300
CYD clients	6,669	6,369	4,136	4,136

Budget Riders

Budget Rider directs how money should be spent and can establish reporting requirements and studies

- Rider for Foster Care Redesign not in budget
 - Should be included in bill "markup"
- Rider for STAR
 - Directs use of up to \$500,000 for external evaluation of Texas' current methods of at-risk youth service delivery. Recommend model delivery system with accountability measures.

Budget Riders

- Limitation on funding for non-recurring adoption payments for adoption of foster child with special needs.
 - Limit: \$1.7 mil. in GR and \$1.7 mil in Federal
- Strikes Intensive Psychiatric Transition Program rider that expanded eligibility to children with only one prior psychiatric hospitalization in prior 12 months.
 - Reverts to previous 3 incidents threshold

Senate Finance Committee Members

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|----------------------------------|-----------------------------|
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 - Republican, Jacksonville
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 - Democrat, San Antonio
- Sen. Royce West
 - Democrat, Dallas
- Sen. Judith Zaffirini
 - Democrat, Laredo

HHSC Foster Care Caseload Growth

