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FISCAL NOTE

Drafting Number: LLS 19-0864 **Date:** February 22, 2019
Prime Sponsors: Sen. Lee **Bill Status:** Senate Judiciary
 Rep. Gonzales-Gutierrez **Fiscal Analyst:** Aaron Carpenter | 303-866-4918
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Bill Topic: EXPAND DIVISION OF YOUTH SERVICES PILOT PROGRAM

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill expands the therapeutic and rehabilitation culture pilot program in the Division of Youth Services to a second pilot program location and extends the existing pilot program by one year. The bill increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2019-20, the bill requires a \$259,562 appropriation to the Department of Human Services.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 19-136*

New Impacts		FY 2019-20	FY 2020-21	FY 2021-22
Revenue	Cash Funds	-	-	
Expenditures	General Fund	\$259,562	\$405,375	\$75,375
	Centrally Appropriated	\$7,810	\$15,620	\$15,620
	Total	\$267,372	\$420,995	\$90,995
	Total FTE	0.5 FTE	1.0 FTE	1.0 FTE
TABOR Refund	General Fund	-	-	
Continuing Program Impacts		FY 2019-20	FY 2020-21	FY 2021-22
Revenue	Cash Funds	-	-	
Expenditures	General Funds	-	-	\$122,387
	FTE	-	-	1.5 FTE
TABOR Refund	General Fund	-	-	

* Table 1 shows the new impacts resulting from changes to the program under the bill and the continuing impacts from extending the program beyond its current repeal date. The continuing program impacts will end if the bill is not passed and the program is allowed to repeal.

Summary of Legislation

Under current law, the Division of Youth Services (DYS) in the Department of Human Services (DHS) must provide treatment to at least 20 committed youth through a division therapeutic and rehabilitate culture pilot program. This bill adds a second pilot program location and increases the number of committed youth served to 35. In the program, youths are divided into groups of no more than 15 for therapeutic care in a home-like environment. As in the first pilot program location, DHS is required to contract with a third-party vendor to facilitate, coach, and train staff for the current pilot program location and to contract with another, different, third-party vendor to evaluate the effectiveness of the two pilot programs. The second evaluation must submit its report of the effectiveness of the two programs to the General Assembly by October 1, 2021. Finally, the bill extends the repeal date of the current pilot program location by six months to January 3, 2022.

Background

In 2017, House Bill 17-1329 was passed and created a pilot program in the DHS to provide a therapeutic and rehabilitation program. The program was charged with providing treatment to at least 20 committed youth. The youth are divided into therapeutic groups of no more than 12 in a trauma-responsive organizational environment. The bill required DHS to contract with two third-party vendors, one to facilitate, coach, train and assist with implementation for the program and one to evaluate the program. DHS set up the pilot program at the Lookout Mountain Youth Services Center and contracted with the Missouri Youth Services Institute to help implement the program and the RAND Corporation to evaluate the program. The program began on July 1, 2018, and is currently serving 24 youth. In FY 2018-19, the program was appropriated \$419,479 and 3.0 FTE.

Continuing Program Impacts

Based on DHS's FY 2018-19 appropriation as indicated by the fiscal note for HB17-1329, the DHS is expected to have continuing expenditures of \$122,387 and 1.5 FTE in FY 2021-22 to administer the original pilot program for an additional six months beyond its current repeal date if this bill is enacted. If this bill is not enacted, the program will end after FY 2020-21, on July 1, 2021, and state expenditures will decrease starting in FY 2021-22 by the amounts shown above. The changes to the program that drive additional costs are discussed in the State Expenditure section below.

State Expenditures

General Fund expenditures in the DHS will increase by \$267,372 and 0.5 FTE in FY 2019-20, by \$420,995 and 1.0 FTE in FY 2020-21 and by \$90,995 and 1.0 FTE in FY 2021-22, as shown in Table 2 and described below.

**Table 2
Expenditures Under SB 19-136**

	FY 2019-20	FY 2020-21	FY 2021-22
Department of Human Services			
Personal Services	\$37,212	\$74,425	\$74,425
Operating Expenses and Capital Outlay Costs	\$5,178	\$950	\$950
Other Operating Costs	\$2,800	-	-
Renovations	\$161,872	\$10,000	-
Implementation Consultant	\$52,500	\$270,000	-
Evaluation Consultant	-	\$50,000	-
Centrally Appropriated Costs*	\$7,810	\$15,620	\$15,620
Total Cost	\$267,372	\$420,995	\$90,995
Total FTE	0.5 FTE	1.0 FTE	1.0 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Personal services costs. The fiscal note assumes that the new pilot program will be in a different facility; therefore; DYS will require 1.0 FTE for an youth services counselor to implement the pilot, be a liaison between the program and the vendor, coordinate assignments, and training of existing facility staff. Operating and capital outlay costs, including a one-time cost for a digital radio, are included for this new staff.

Renovations. The DHS will have costs to renovate space to create a youth residence for the new pilot program that are home-like and therapeutic. Based on the current the pilot program, it is estimated that renovations will cost \$161,872 in the first fiscal year and \$10,000 in the second fiscal year.

Contractors. Starting in FY 2019-20, the DHS will have costs to contract with a vendor to implement the program. Based on the current pilot program, this fiscal note estimates a daily rate of \$1,500. It is estimated that 215 contractor days are required including 35 days are to prepare for implementation and 180 days to begin pilot operating. This results in contractor costs of \$52,500 in FY 2019-20 and \$270,000 in FY 2020-21.

Evaluation. In FY 2020-21, costs in the DHS will increase to contract with a vendor to evaluate the two pilot programs and to compare them. The fiscal note estimates an increase in costs of \$50,000 in FY 2020-21 to collect and analyze data and produce a report. This estimate is based on a rate of \$200 per hour with 200 hours of work in both FY 2020-21 and FY 2021-22. This estimate also includes \$10,000 for any travel costs associated with traveling to the facility and other administrative costs for FY 2020-21 and FY 2021-22.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$7,810 in FY 2019-20 and \$15,620 in FY 2020-21.

Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2019-20, the bill requires a General Fund appropriation of \$259,562 to the Department of Human Services and an allocation of 0.5 FTE.

Departmental Difference

The DHS estimates that the bill increases costs by \$535,869 in FY 2019-20, \$419,985 in FY 2020-21, and \$147,985 in FY 2021-22. The DHS estimates includes an additional \$270,000 in FY 2019-20 to continue support by the existing contractor for operating the current pilot program. The fiscal note does not include these contractor costs as they are driven by existing statute, rather than this bill. In addition, the DHS estimates that it will cost a total of \$102,000 across FY 2020-21 and 2021-22 to contract with the contractor to evaluate the pilot programs. The DHS estimate is based on a \$175 per hour rate with 220 hours of work in FY 2020-21 and a \$200 per hour rate with 270 hours of work in FY 2021-22. The fiscal note assumes that 200 total hours of work is necessary, based on similar contractor rates in other bills.

State and Local Government Contacts

Human Services Information Technology