



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Fiscal Note

Short Title: Child Welfare/Aging Component/NC FAST.
Bill Number: Senate Bill 212 (Third Edition)
Sponsor(s):

SUMMARY TABLE

	FISCAL IMPACT OF S.B. 212, V.3 (\$ in millions)				
	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
State Impact					
General Fund Revenue	(2.4)	4.2	5.1	-	-
Less Expenditures	(2.9)	11.7	10.3	-	-
General Fund Impact	0.5	(7.5)	(5.2)	-	-
NET STATE IMPACT	\$0.5	(\$7.5)	(\$5.2)	-	-

OTHER CONSIDERATIONS: See Other Considerations Section

FISCAL IMPACT SUMMARY

Senate Bill 212 would require the Division of Social Services, Department of Health and Human Services, to postpone deployment of the case-management functionality for the child welfare system and aging and adult services' programs in NC FAST (Families Accessing Services through Technology). The Division would also be prohibited from deploying the child welfare case management component of NC FAST statewide prior to October 1, 2019, and must continue to develop and improve case management functionality for the child welfare component only in those counties that participated in the initial pilot program prior to January 1, 2019. Counties, other than those in the pilot program prior to January 1, 2019, may elect to utilize the Intake and Assessment functionality of the NC FAST system.

FISCAL ANALYSIS

The Department of Health and Human Services (DHHS) reports that when SB212 was introduced, in consultation with the bill sponsors, DHHS made the decision to pause the deployment until the General Assembly took final action on the proposed legislation. In the rollout plan prior to SB212, all implementation costs ended in November 2019. Due to the updated implementation timeline, some resources will be extended to continue to support the pilot counties and those counties that have chosen to keep using the intake and assessment portion of NC FAST.

DHHS halted deployment in March 2019 and will be postponed until at least October 2019 (a minimum of an 8 month pause), DHHS reports that the majority of contractors who conduct training, county readiness support, and on-site over-the-shoulder support will be laid off to save

money. Total net General Fund appropriation savings in FY 2019-20 are estimated to be (\$500,000.)

The following estimated costs due to the delay of the implementation of the Child Welfare Case Management system indicate the total estimated impact on net General Fund appropriation. The actual impact would occur over FY 2020-21 and FY 2021-22, and the total impact by year is reflected in the Summary Table above.

Once deployment resumes, new contractors (trainers, readiness liaisons, over-the shoulder implementation support) will be brought on board to support deployment to county departments of social services. DHHS reports that it is likely these will be new staff as the contractors laid off will have moved on to other projects, therefore they must be trained. Additional implementation costs including the training of these contractors and travel costs are estimated to be \$3.9 million in net General Fund appropriation.

The 29 counties eastern counties that were scheduled to go-live March of 2019 for Intake and Assessment portion of the Child Welfare Case Management System and opted out will have to be retrained and go through the readiness process again. DHHS reports that too much time will have passed and there will be new county staff as well as changes to NC FAST that will require retraining of these county staff. Implementing Intake and Assessment for eastern counties on the revised timeline is estimated to cost \$3.4 million in additional net General Fund appropriation. Since these counties were already trained in the original scheduled deployment, no receipts are available as the federal government will not participate in the cost of duplicative training.

New contractors (developers, testers, conversion support) will have to be brought on board to support deployment once it resumes. Most likely these will be new staff as the contractors laid off will likely have moved on to other projects. The onboarding and training of these new contractors will take approximately 3-months, which will require an estimated \$2.1million in additional net General Fund appropriation.

NC FAST will continue to provide support, such as communications and training, to the 11 Pilot Counties as updated and new functionality are implemented throughout the duration of the project, which DHHS now estimates will extend through September 2021. This extended pilot support is estimated to require an additional \$1.9 million net General Fund appropriation.

The completion of county deployment will require extended support for data conversion to complete development and conversion execution for counties from November 2019 through September 2021. This is estimated to require \$1 million in additional net General Fund appropriation.

Due to the extended deployment schedule, an additional year of Internal Verification and Validation (IV&V) services must be contracted (federally required contract). This will require an estimated \$440,000 in additional net General Fund appropriation.

OTHER CONSIDERATIONS

DHHS reports that the Federal Administration for Children and Families has confirmed that should a future decision be made to discontinue the use of the Child Welfare case management system in NC FAST, or only choose to use some of the functionality, federal penalties/payback could be as high as approximately \$52M.

Costs for procuring and implementing a new system are not known at this time.

DATA SOURCES

DEPARTMENT OF HEALTH AND HUMAN SERVICES

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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