

**Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement**

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ORIGINAL

Bill Number: SB640

Patron: Pillion

Bill Title: Department of Social Services; corrective action plans and assumption of temporary control of local boards and local departments; centralized intake system for reports or complaints of child abuse or neglect.

Bill Summary: Establishes a centralized intake system for reports and complaints of child abuse or neglect at the Department of Social Services (DSS). Under current law, local departments of social services (LDSS) are responsible for coordinating the intake of reports and complaints of child abuse or neglect and determining the validity of such reports or complaints. The bill designates DSS as the agency responsible for receiving reports and complaints of child abuse or neglect and specifies that DSS shall determine the validity of all such reports and complaints. DSS is further required to forward any valid reports or complaints to the LDSS of jurisdiction for further action. The bill directs any LDSS receiving a report or complaint of child abuse or neglect to immediately forward such report or complaint to the centralized intake system at DSS. The bill also makes technical updates to existing Code language to replace references to the previous LDSS intake model with references to the centralized intake system.

The bill grants the Commissioner of Social Services the authority to issue a corrective action plan (CAP) for any local board of social services or LDSS that (i) fails to administer public assistance and social services programs in accordance with applicable laws and regulations or (ii) takes any action or fails to act in a manner that poses a substantial risk to the health, safety, or well-being of a child or adult. If a local board or department fails to comply with a CAP, the bill allows the Commissioner to temporarily assume control over all or part of the local board's or department's operations and associated funds. Under current law, the Commissioner only has the authority to issue CAPs and assume control of a local board or LDSS as it relates to the provision of foster care services. The Commissioner may direct DSS staff to provide assistance to the local board, monitor progress in meeting CAP objectives, and continue the provision of public assistance and child welfare services in the impacted locality.

The bill directs the State Board of Social Services (the Board) to promulgate regulations necessary to implement the provisions of the bill. The Board is additionally required to promulgate regulations requiring that local departments of social services (1) respond to valid reports and complaints alleging suspected abuse or neglect of a child under the age of three within 24 hours of receiving such reports or complaints and (2) investigate and determine the validity of complaints alleging suspected abuse or neglect of children under the age of three and children with disabilities. The bill also adds adult services to the definition of “social services” for purposes of Title 63.2 (Welfare (Social Services)).

Budget Amendment Necessary: No

Items Impacted: Item 333

Explanation: Although this legislation is expected to result in a significant fiscal impact for the Department of Social Services, general fund appropriation, nongeneral fund appropriation,

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and positions addressing the provisions of this bill were provided in the introduced budget. Therefore, no budget amendment is necessary.

Fiscal Summary: The proposed legislation will require additional positions and significant general and nongeneral fund expenditures on the part of the Department of Social Services (DSS). The impacts in the table below are consistent with appropriation provided to address the provisions of this bill in the introduced budget (Item 333). See fiscal analysis for additional information.

General Fund Expenditure Impact:

Agency	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
DSS (765)	-	\$15,465,302	\$20,988,980	\$20,988,980	\$20,988,980	\$20,988,980
TOTAL	-	\$15,465,302	\$20,988,980	\$20,988,980	\$20,988,980	\$20,988,980

Nongeneral Fund Expenditure Impact:

Agency	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
DSS (765)	-	\$218,946	\$898,744	\$898,744	\$898,744	\$898,744
TOTAL	-	\$218,946	\$898,744	\$898,744	\$898,744	\$898,744

Position Impact:

Agency	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
DSS (765)	-	138.0	158.0	158.0	158.0	158.0
TOTAL	-	138.0	158.0	158.0	158.0	158.0

Fiscal Analysis: This bill proposes multiple interventions related to the provision of child welfare services that are discussed in detail below. The fiscal impact outlined in the following analysis is reflective of estimates provided by the Department of Social Services (DSS) that were included in the introduced budget.

Centralized Intake System for Child Abuse and Neglect Reports

The bill establishes a new organizational structure within DSS to centrally coordinate intake and determine validity for all child abuse and neglect reports that are submitted statewide. DSS will need additional personnel, technological capacities, and supplies for the effective operation of such a system.

In FY 2024, 120 local departments of social services (LDSS), the DSS State Hotline, and the Mandated Reporter Portal received a cumulative total of 94,728 reports of child abuse or neglect. DSS reports that call volume is expected to increase in future years, creating a need for additional staff time and attention. The centralized intake system proposed in this legislation is a way for DSS to address this need.

To determine the total number of staff needed to effectively support a centralized intake system, DSS reviewed factors including the current average wait time on the State Hotline, the current average call

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handling time, and the current average time needed for an LDSS employee to determine report validity. DSS' analysis indicates that 132 full-time (FTE) positions and 67 part-time positions will be necessary to effectively staff a call center for the centralized intake system and comply with the validity determination and referral responsibilities as set forth by the bill. DSS suggests that the positions will comprise the following teams and roles:

- 1 Workforce Manager (FTE)
- 1 Operations Manager (FTE)
- 1 Training Manager (FTE)
- 5 Quality Assurance Specialists (FTE)
- 10 Phone Team Supervisors (FTE)
- 10 Phone Team Work Leaders (FTE)
- 82 Phone Team Specialists (FTE)
- 4 Mandated Reporter Team Supervisors (FTE)
- 2 Mandated Team Work Leaders (FTE)
- 16 Mandated Reporter Specialists (FTE)
- 67 Phone Team Specialists (part-time)

DSS estimates the total cost for all positions listed above at \$14,372,924 general fund (GF) the first year (FY 2027) and \$17,857,210 GF each year thereafter (FY 2028 and ongoing). This estimate includes employee salaries, benefits, and non-personnel operating costs (supplies and equipment). The first year cost is reduced to account for delays in hiring and implementation and assumes staffing costs for three quarters of the fiscal year. Additionally, the first year total also includes one-time costs related to onboarding (estimated at \$5,163 GF per employee for 132 FTEs) and employee training (estimated at \$1,500 GF per employee for 132 FTEs and 67 part-time staff). DSS notes that the listed positions will require a baccalaureate degree based on current professional and occupational regulations, and that employee salaries must be in line with those of positions requiring similar qualifications for effective recruitment.

Finally, DSS estimates that an additional \$223,490 GF will be needed annually beginning in FY 2027 to support information technology needs associated with the centralized intake system. DSS reports that this additional funding will be used to support current hotline contracts, critical system enhancements, and expansion of translation services and the existing Interactive Voice Response (IVR) system to accommodate additional reports.

The estimates provided by DSS assume that the centralized intake system outlined in the bill will be fully implemented and staffed by the end of Q1 in FY 2027. Any delays in the implementation or hiring process may impact the amount of funding needed for the system in the first year.

State Oversight Mechanisms and Issuance of Corrective Action Plans (CAPs)

The bill authorizes the DSS Commissioner to issue CAPs to local boards of social services and LDSS that fail to adequately administer public benefits and/or child welfare programs. While the Commissioner is currently

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able to issue CAPs and assume control of local boards or LDSS that fail to adequately administer foster care services, DSS anticipates that expanding state oversight of local boards or LDSS as it relates to the provision of public benefits and child welfare services will create new responsibilities for state program staff that cannot be absorbed as part of existing resources. DSS maintains that the creation of an internal state oversight division will be the most effective way to focus and coordinate all state oversight services and the issuance of CAPs.

DSS estimates that the new state oversight division will require a total of 26 new FTE positions with the following responsibilities:

- 1 Assistant Director
- 5 Program Administrators
- 2 Supervisors
- 18 Program Analysts

The costs to fully staff this division are estimated at \$875,788 (\$656,842 GF/\$218,946 NGF) in FY 2027 and \$3,594,978 (\$2,696,234 GF/\$898,744 NGF) in FY 2028 and each year thereafter. The cost estimate assumes that the assistant director and program administrator positions (six total positions) would be hired in FY 2027 to establish agency protocols and workflows around state oversight mechanisms and associated interventions. The supervisor and program analyst positions (20 total positions) would be hired in FY 2028 to execute the established workflows, provide assistance to local boards and LDSS, and monitor ongoing compliance with CAPs. The costs for all positions are inclusive of salary, benefits, and non-personnel operating costs (supplies, equipment, and travel). The FY 2027 position costs also include one-time onboarding costs (estimated at \$5,163 per position for six FTEs) associated with the establishment of the new division.

Priority Response for Children Under Three

The bill directs that new regulations be promulgated requiring that LDSS respond to valid reports or complaints of child abuse or neglect involving a child under the age of three within 24 hours of receiving such report or complaint. Under current law, LDSS are required to respond to valid reports or complaints of child abuse or neglect within 24 hours if the report or complaint involves a child under the age of two.

In FY 2024, LDSS received a cumulative total of 10,591 valid referrals of alleged abuse or neglect involving a child under the age of three. Of these, 6,378 referrals were categorized as Response Priority 1 under the state differential response system, which already requires a 24-hour response time. Additionally, 4,125 valid referrals were received outside of traditional business hours. The overlap of referrals that were both Response Priority 1 and received after hours totaled 2,728. Consequently, 1,397 referrals (4,125 referrals received after hours minus 2,728 referrals received after hours and Response Priority 1) would now necessitate a 24-hour response from LDSS. The increase in workload created by this legislation is expected to require additional compensation for overtime hours worked.

Each of the 1,397 new referrals is expected to require around three hours of after-hours CPS response. The average overtime compensation rate is \$47 per hour plus FICA taxes, which are estimated at nearly 1.08%.

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This results in an estimated cost increase of \$212,046 GF beginning in FY 2027 and continuing each year thereafter.

Other Possible Costs

This bill requires the Board of Social Services to amend its regulations to reflect the provisions of this bill, including the requirement for LDSS to respond to valid reports and complaints involving children under the age of three within 24 hours of receiving such report or complaint. It is expected that any workload or cost impacts associated with amending or promulgating regulations are minimal and can be absorbed within existing resources.

DSS maintains that the provisions of the bill's third enactment would require LDSS to respond to valid reports and complaints of child abuse or neglect involving a child with disabilities within 24 hours. However, the provisions of the bill appear to distinguish between the promulgation of regulations requiring LDSS to respond to reports or complaints of child abuse or neglect involving children under the age of three within 24 hours and the promulgation of regulations requiring LDSS to investigate and determine the validity of reports or complaints of child abuse or neglect involving a child under the age of three or a child with disabilities. Should the bill text be understood to include children with disabilities as part of the population requiring a 24-hour response, there will be additional costs to LDSS associated with compensation for overtime hours worked that are not currently included in the cost estimates represented in the introduced budget. Such costs are not currently included in the fiscal impact table but may be included upon additional clarification.

Other: Portions of this bill are similar to HB266, HB1366, and HB1490.