

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

which is intended to review the child protective services screening and intake process and one of which is intended to more broadly review changes needed at DSS and LDSS through the convening of the Social Services Task Force. As enrolled, HB1366 only contains the study provisions related to the Social Services Task Force.

Based on the explanation of the Senate budget amendment, it is unclear whether the funding in the Senate budget amendment is intended only to be used for the study of the child protective services screening and intake process, or may also be used for the study associated with the Social Services Task Force. If the funding provided by the Senate is ineligible to be used for the Social Services Task Force study, an additional budget amendment may be necessary.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DSS (765) Corrective Action Plans	-	\$656,842	\$2,696,234	\$2,696,234	\$2,696,234	\$2,696,234
DSS (765) Social Services Task Force	-	\$500,000	-	-	-	-
TOTAL	-	\$1,156,842	\$2,696,234	\$2,696,234	\$2,696,234	\$2,696,234

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DSS (765) Corrective Action Plans	-	\$218,946	\$898,744	\$898,744	\$898,744	\$898,744
DSS (765) Social Services Task Force	-	\$500,000	-	-	-	-
TOTAL	-	\$718,946	\$898,744	\$898,744	\$898,744	\$898,744

Position Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DSS (765) Corrective Action Plans	-	6.0	26.0	26.0	26.0	26.0
TOTAL	-	6.0	26.0	26.0	26.0	26.0

Fiscal Analysis: This bill authorizes the Commissioner of the Department of Social Services (DSS) to provide supportive assistance, issue corrective action plans (CAPs), and/or temporarily assume control of local boards of social services and local departments of social services (LDSS) that fail to adequately administer public assistance, social services, and/or child welfare programs. While the Commissioner is currently able to issue

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CAPs for and/or temporarily 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 assistance, social services, and/or 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 the development and issuance of CAPs, as well as any related temporary state control responsibilities and/or supportive assistance services.

DSS estimates that the new state oversight division will require a total of 26 new full-time (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 general fund (GF)/\$218,946 nongeneral fund (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.

Social Services Task Force

The substitute bill requires the Secretary of Health and Human Resources (OSHHR) to convene a Social Services Task Force (Task Force) to develop a comprehensive improvement plan that addresses changes needed at DSS and LDSS. The bill specifies that the work of the Task Force shall include a review of state-administered benefits and eligibility processes. DSS is also required to contract with a third party to review the current funding sources and methodology for state-administered benefits, certain welfare programs, and associated administrative costs. OSHHR is required to report on recommendations of the Task Force and a plan for implementation no later than November 1, 2026. Based on prior agency study costs, DSS anticipates that the cost to contract with a vendor who can execute the study at the required scope will be at least \$1.0 million (\$500,000 GF/\$500,000 NGF).

It is expected that any potential impacts associated with convening work group meetings for the Social Services Task Force can be absorbed by DSS and/or the Secretary of Health and Human Resources.

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It is expected that any other impacts associated with the implementation of this legislation, including the promulgation of accompanying regulations, will be minimal and absorbable within existing resources.

Other: HB1366 is identical to certain provisions of SB640.