

Legislative Fiscal Office

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Joint Committee on Ways and Means

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To: Human Services Subcommittee

From: Kim To, Legislative Fiscal Office

Date: June 16, 2021

Subject: SB 749 – Relating to residential care referrals.
Work Session Recommendations

SB 749 requires the Department of Human Services (DHS) to register residential care referral agents. The measure sets the registration fee and registration must be renewed every two years. The measure requires DHS to perform background checks on referral agents who have direct contact with clients. DHS is also required to verify that the applicant meets all the requirements for referral agents specified by the measure. These requirements include a stipulation that referral agents must provide clients with a written disclosure of specified information at the same time the agent offers recommendations regarding a residential care program. A client who is not provided with the required disclosure may bring a cause of action in circuit court to recover actual damages or \$750, whichever is greater. The court may award reasonable attorney fees to the prevailing party in an action under these provisions. The measure prohibits referral agents from a list of specified activities including referring clients to an unlicensed residential care program. The measure adds referral agents to the list of mandatory reporters.

DHS estimates the cost of a new program to register referral agents to be \$732,362 Total Funds [\$467,993 General Fund + \$10,660 Other Funds + \$253,709 Federal Funds], 4 positions, 3.38 FTE for the 2021-23 biennium; and \$480,460 Total Funds [\$303,401 General Fund + \$10,660 Other Funds + \$166,953 Federal Funds], 3 positions, 2.38 FTE for the 2023-25 biennium. DHS anticipates needing two permanent positions: one Compliance Specialist 3 position and one Administrative Specialist 2 position to manage registration and compliance; and one limited duration Operation and Policy Analyst 3 position to develop the rules and structure for the registration system. Although DHS may receive additional Other Funds from registration fees, the startup fund split is based on the DHS 2019-21 cost allocation for shares services of 50% General Fund, 7% Other Funds, and 43% Federal Funds. The fund split will be re-assessed once the new registration program began collecting fees from applicants.

The measure previously had a hearing in the Senate Committee on Human Services, Mental health and Recovery on 3/9/2021 and 4/1/2021, and was reported out with a do pass recommendation.

Recommended Changes

The -A7 is the -A4 which reduces the registration fee from \$750 to \$325 with fiscal provisions to include funding for the Department of Human Services to carry out the work required by the measure. LFO recommends adoption of the -A7 amendment.

Final Subcommittee Action

LFO recommends that SB 749, as amended by the -A7 amendment, be moved to the Ways and Means Full Committee.

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____