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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 1/24/19  
**SPONSOR** Tallman **LAST UPDATED** \_\_\_\_\_ **HB** \_\_\_\_\_

**SHORT TITLE** Child Sex Trafficking Victim Treatment Center **SB** 114

**ANALYST** Klunt

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$250.0	Recurring	General

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		Significant, possibly greater than \$1,000	Significant, possibly greater than \$1,000		Recurring	General & Federal, HSD Medicaid
		Significant, possibly greater than \$1,000	Significant, possibly greater than \$1,000		Recurring	General, CYFD BHS

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to House Bill 2

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Children, Youth and Families Department (CYFD)

Crime Victim's Reparations Commission (CVRC)

### SUMMARY

#### Synopsis of Bill

Senate Bill 114 (SB114) appropriates \$250 thousand from the general fund to the Children, Youth and Families Department (CYFD) to contract with a nonprofit entity to establish and operate a Residential Treatment Center for child victims of sex trafficking.

## FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund.

In FY20, CYFD Behavioral Health Services Program (BHS) has requested a \$1 million increase for shelter services for special populations such as child victims of sex trafficking. The executive budget recommendation includes \$1 million and the LFC recommendation includes \$500 thousand. In addition, Medicaid could pay for the services connected either through the bundled rate of Group Home or community based services contracted. However, additional Medicaid spending estimates were not provided and are indeterminate. In addition, CYFD and the Crime Victim's Reparations Commission (CVRC) reported \$250 thousand is insufficient to establish and operate a residential treatment center for child victims of sex trafficking.

## SIGNIFICANT ISSUES

The Preventing Sex Trafficking and Strengthening Families Act of 2014 requires states to develop policies and procedures to identify, document, screen and determine appropriate services for children under the child welfare agency's care and supervision, who are victims of, or at risk of, sex trafficking.

CYFD stated, while the purpose of this bill is to help the agency establish a specific treatment congregate setting serving the target population of youth victimized by sex trafficking, the agency also believes the best designation that would allow for the flexible funding necessary to sustain the Treatment Center long-term will be a license for Group Home, Multi-Service Home, or New and Innovative Program to maximize braided funding. Collaboration with the Human Services Department will be crucial for the program to become credentialed with Medicaid and for Medicaid to reimburse for all clinical services.

The target population of children/youth victimized by sex trafficking is exempted by the congregate care limitations of the Family First Service Prevention Services Act:

*A setting providing high-quality residential care and supportive services to children and youth who have been found to be, or are at risk of becoming, sex trafficking victims as identified by the title IV-E agency.*

The facility must meet the definition of a CCI at sections 472(c)(2)(A) and (C) of the Act (section 472(k)(2)(D) of the Act).

The statute does not define "a setting that provides high quality residential care and supportive services to children and youth who have been or found to be or are at risk of being, sex trafficking victims" and the Administration for Children and Families (ACF) is not defining it further.

This means Title IV-E agencies have flexibility in determining what "high quality residential care" consists of, what "supportive services" are provided by the setting, and which children are "found to be or are at-risk of becoming" victims of sex trafficking (consistent with the definition of "victim of sex trafficking" noted in section 475(9) of the Act).

While CYFD BHS will use Licensing and Certification Authority (LCA) technical assistance to help the selected entity become licensed as a New and Innovative Program, a Multi-Service Home, a Group Home, or a Residential Treatment Center, the fiscal impact for the provider to secure a facility, bring the facility up to regulations, staff the facility appropriately will exceed the \$250 thousand appropriation in this bill. The funding stream to operate the facility (serve children/youth) under Medicaid Regulations will require the facility to be licensed and certified by CYFD LCA as above. The federal Family First Prevention Services Act requires that Residential Treatment Centers become accredited by a national organization (Joint Commission, Commission on Accreditation of Rehabilitation Facilities (CARF), or Council on Accreditation (COA)) by October 2019 in order to continue to receive Medicaid funding. This accreditation process is expensive and lengthy, and will exceed the appropriation.

CVRC stated \$250 thousand is insufficient to establish, operate and administer a treatment program for child victims of sex trafficking. The complex needs of these children and the level of support that should be provided will require more financial investment from our community. The treatment center would require 24/7 supervision by highly trained staff, that have been trained in a trauma informed capacity and understand the needs of this population. The facility would require, much like a juvenile correctional facilities, around the clock supervision and access to services in order to protect the safety and well-being of these children. The center would also need, licensed counselors, educators, and medical staff to address the fundamental needs of these victims, and the facility would require constant oversight and monitoring to ensure the needs of these children are being properly taken care of.

### **PERFORMANCE IMPLICATIONS**

The Preventing Sex Trafficking and Strengthening Families Act of 2014 requires states to report annually on their efforts to comply with the federal legislation. .

### **ADMINISTRATIVE IMPLICATIONS**

Administrative implications include CYFD BHS LCA oversight and technical assistance. If enacted SB 114, would directly impact CYFD BHS personnel from LCA required to provide oversight, as well as program management and fiscal oversight to ensure appropriate procurement of funds.

Provision of trauma-informed training to LCA specific to the target population and best/evidence-based practices for sex trafficking victims will be necessary. It will also be necessary to develop guidelines and processes specific to help law enforcement interface with this target population, and training regarding these processes. Regulation review and revision according to any requirement and/or applicable exemptions would be necessary. If the service is certified, policies/procedures, treatment, service provision, and quality of care components would need to be developed under the monitoring and technical assistance of LCA, which includes ensuring staff are qualified, trained, and supervised to provide services for the population. Finally, services which are licensed and/or certified would require health, safety, welfare, and supervision mechanisms specific to this target population, also under the monitoring and technical assistance of LCA.

## OTHER SUBSTANTIVE ISSUES

CVRC reported:

“Juvenile victims of human trafficking are a highly marginalized and underserved population. They are often hidden in plain sight and overlooked by our communities and labeled incorrectly as youthful offenders. Population that is underserved and due to the complex nature of their victimization they are reluctant to seek services and unfortunately when they finally do we do not have adequate services to meet their needs. This facility is much needed and long overdue in our communities. It is imperative that we support this initiative, however if we do we must make an investment that will support the true needs of the facility, not at the requested appropriation but a true investment for change.”

KK/al/sb