

## Department of Planning and Budget 2014 Fiscal Impact Statement

1. **Bill Number:** HB 486

**House of Origin**     Introduced     Substitute     Engrossed  
**Second House**     In Committee     Substitute     Enrolled

2. **Patron:** Hugo, Timothy D.

3. **Committee:** Courts of Justice

4. **Title:** Human trafficking of children; reports and investigation

5. **Summary:** The proposed legislation requires individuals currently required to report suspected child abuse or neglect to also report suspected cases of human trafficking of a child and specifies the duties of local departments of social services and courts with regard to investigating complaints of suspected human trafficking of a child.

6. **Budget Amendment Necessary:** Yes

7. **Fiscal Impact Estimates:** Preliminary

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2014			
2015	\$678,255	1.0	General Fund
2016	\$265,042	1.0	General Fund
2017	\$265,042	1.0	General Fund
2018	\$265,042	1.0	General Fund
2019	\$265,042	1.0	General Fund
2020	\$265,042	1.0	General Fund

8. **Fiscal Implications:** The proposed legislation requires the child protective services (CPS) unit, within the Department of Social Services, to prepare and disseminate educational programs and establish minimum training requirements for local workers and supervisors on human trafficking of children. In addition, this bill requires that local departments receive and respond to all reports of human trafficking of children and to report annually on their activities related to human trafficking.

Human trafficking involves the illegal trade in humans most commonly for the purpose of sexual slavery, forced labor, or organ extraction. Currently, the CPS unit and local departments only handle matters related to child abuse and neglect where the alleged perpetrator is in a caretaking role. Crimes against children involving non-caretakers are currently handled by law enforcement. Human trafficking of children is usually not committed by caretakers; therefore, the existing CPS unit does not have the expertise or staff to serve this population. Therefore, this bill would create a new program area within CPS

for which additional central office staff, local staff hours, training and educational materials, as well as information system modifications would be needed.

#### Central Office Staff

The department estimates that the one central office position would be needed to coordinate all aspects of the program, including the bill's provision to evaluate and strengthen local regional and statewide programs related to the human trafficking of children. This employee would prepare regulations; policies and procedures specific to the investigation of human trafficking of children; assist the Department's Online Automated Services Information System (OASIS) team with the development, testing and ongoing changes of a new tracking system for human trafficking cases; help develop training and educational materials; and compile and analyze annual reports from the local departments regarding human trafficking of minors. Using the average policy and planning specialist salary of \$66,010, the total annual salary of this additional CPS worker would be \$88,781 including fringe benefits. Non-personnel services are further estimated at \$13,158 in the first year and \$7,995 each year thereafter. Therefore, total annual cost for one additional CPS worker is \$101,939 the first year and \$96,776 each year thereafter.

#### Local Staff

The department does not have sufficient data or experience on the human tracking of children to accurately calculate the number of reports that might be received. The National Human Trafficking Resource Center (NHTRC) reports that in the first six months of 2013, they received 375 calls related to human trafficking from Virginia. Using demographics provided by NHTRC, it is estimated that 27 percent or 203  $((375 \times 2) * .27)$  of those calls related to human trafficking of minors, with 34 cases or 17 percent likely resulting in an investigation. According to NHTRC, calls related to human trafficking from Virginia increased by an estimated 61 percent from 2012 to 2013.

It is assumed that the existing CPS 24-hour hot line could handle calls related to human trafficking of children. Assuming the same volume of human trafficking calls related to minors experienced by NHTRC continues, it is estimated that by FY 2015 Virginia would receive 327  $(203 \times 1.61)$  calls annually with 56  $(327 \times 17 \text{ percent})$  requiring an investigation. It should be noted that this statement does not include any reports made outside the hotline from mandated reporters. There is no method of calculating how many reports might come from this population; moreover it is assumed that most mandated reporters will inform law enforcement as opposed to CPS. Should this assumption be incorrect, then the number of assumed investigations will increase. The average estimated time it takes to complete an investigation varies greatly depending on what the case requires. It will also depend on how many minors and alleged perpetrators are involved in each case. Since there is no data to support human trafficking investigations, a very broad estimate for a CPS case is used. Considering interview time with the alleged victims, the alleged perpetrators, collaterals, parents of victims, coordination with law enforcement, hearings and court time if needed, documentation time, and several other factors that could go into a case, the department estimates it would take an average of fifty hours per case. No time has been figured into the calculation for potential services needed after the investigation, as CPS is currently required to perform these services if the child and/or their family qualify. It is estimated that 2,800

(56 cases x 50 hours per case) additional hours will be required to investigate cases involving human trafficking of children.

Local departments are reimbursed by the state based on the actual cost of delivering required services. These costs are then allocated to the appropriate source of funding (i.e. general, federal, etc.). There is no way to determine how the increased costs associated with this bill will be distributed across local departments of social services. However, it is necessary to acknowledge the impact of any additional responsibilities being placed on local departments and workers. While a specific local impact of a single bill may seem insignificant, this statement accounts for all added costs as the cumulative effect of many requirements on local departments cannot be overlooked. Therefore, this statement uses the above assumptions, as to the added time required to meet the bill's provisions, and historical workload data to estimate the fiscal implications at the state level. This statewide estimate of increased costs would be allocated to localities based on actual annual experience.

The average annual cost of employing (salary, benefits, nonpersonal services, etc.) a local CPS worker is \$73,203. Local governments are required to cover 15.5 percent of these expenses, so the state share of the estimated CPS worker cost would be \$61,857. Assuming 1,500 annual productive hours per full-time employee, the state reimburses localities \$48.80 per hour for CPS workers. Therefore, the state cost of requiring 2,800 additional hours of work would be \$115,466 each year. The statewide local share would be \$21,179.

#### Training

The bill requires the department to establish minimum training requirements for workers and supervisors on human trafficking of children. This would require the development and implementation of two different training courses. First, a training curriculum for CPS workers and supervisors about the expanding population to be served including basic information regarding defining, identifying, and recognizing human trafficking and the unique complications associated with non-caretaker child exploitation. Second, a training curriculum for CPS workers and supervisors on the new regulations, and policy and procedures that would be established on how to investigate and respond to reports of human trafficking of children. After the initial trainings, only quarterly training sessions would be needed for new CPS workers and supervisors. In addition, the department would implement an eLearning curriculum for human trafficking on the Knowledge Center, an on-line system that exists for state employees to take certain courses. It is assumed that the department would contract for the development and provisions of the training courses. The department estimates, based on similar projects, that such a contract would cost approximately \$52,800 annually.

#### Educational Materials

The bill requires the department to prepare and disseminate educational programs and materials on the human trafficking of children. This would include educating professionals (mandated reporters) required by law to make reports in which it is believed a child is the victim of human trafficking. Based on their experience with other programs, the department estimates that there would be a one-time cost of \$18,450 for developing and publishing (online and printed) the necessary information.

Information System Modifications

All CPS case data is contained within OASIS (Online Automated Services Information System) which supports the delivery of child welfare services by local departments. OASIS must be modified to accept the necessary data on human trafficking complaints and investigations. The Department of Social Services maintains that the best practice would be to create a dedicated human trafficking module in OASIS. A separate module would make the system more flexible, user-friendly and improve reporting. However, the cost associated with creating this module is estimated to be approximately \$806,000. Therefore, this statement assumes that the department can pursue the most cost effective option, which is to create additional screens and entry points in the existing CPS module. The department reports that creating new screens within the existing module would have a one-time cost of \$359,600.

The state costs associated with legislation will have to be covered with general fund dollars as DSS reports that all available federal grant funding is fully allocated.

**9. Specific Agency or Political Subdivisions Affected:**

Department of Social Services

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Date:** 1/22/14