



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 265** SLS 26RS 320
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 17, 2026 10:27 AM	Author: BARROW
Dept./Agy.: Children and Family Services	
Subject: Abolishes Dept of Children and Family Services (DCFS)	Analyst: Patrice Thomas

CHILDREN OR DECREASE GF EX See Note Page 1 of 2
 Abolishes the Department of Children and Family Services. (10/1/26)

Proposed law abolishes the Department of Children and Family Services (DCFS) and transfers its programs, activities, services, functions, contracts, and employees as follows: (1) Division of Child Support to LA Works; (2) Division of Child Welfare to LA Department of Health (LDH); and (3) TANF to LA Works. Proposed law removes all references to DCFS from the LA Administrative Code and replaces it with the appropriate agency - LDH or LA Works. Proposed law repeals current law that authorizes the reorganization of DCFS. Proposed law is effective 10/01/26.

Under current law, upon the abolishment of one of the 20 executive branch departments, the Department of Elderly Affairs shall automatically be created. Proposed law repeals the automatic creation of the Department of Elderly Affairs.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	DECREASE	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

EXPENDITURE EXPLANATION

Proposed law may result in indeterminable savings from efficiencies and economies of scale in future fiscal years. In FY 27, proposed law is anticipated to result in decreased expenditures as certain duplicate services, functions, and positions are anticipated to be eliminated. Proposed law abolishes the Department of Children and Family Services (DCFS), and transfers the Division of Child Welfare to the LA Department of Health (LDH) and the Division of Child Support to LA Works. There is no anticipated material cost to the LDH or LA Works due to the transfer of programs.

Potential Efficiencies from Transfers Division of Child Welfare and Division of Child Support. Proposed law does not eliminate any programs or services currently provided by the Division of Child Welfare or the Division of Child Support. However, in future fiscal years, potential savings could be realized by eliminating any duplication of effort, which would decrease the number of employees and/or the amount of physical space needed for future operations. To the extent that economies of scale are achieved and administrative savings result after the programs are transferred to their respective new departments, any administrative savings realized will be used to enhance program services and/or activities in future fiscal years. Such savings are speculative and depend on administrative decisions, and are therefore indeterminable.

Potential Elimination of Duplication Division of Management and Finance. Proposed law is silent regarding the transfer of the Division of Management and Finance in DCFS. Since the division provides administrative services and support functions to both Child Welfare and Child Support, this note anticipates that services and functions, along with employees, that directly support Child Welfare and Child Support will be transferred proportionally to LDH and LA Works. To the extent that there is duplication, there may be savings from efficiencies. Also, certain executive leadership positions (i.e., Secretary, Deputy Secretary, Undersecretary, Press Secretary) are anticipated to be eliminated, resulting in annual savings of approximately \$561,989.

Name Change, Physical and IT Move. Proposed law requires the transfer of 2,180 positions that may result in increased one-time expenditures related to relocation of employees and IT equipment. Also, there will be increased expenditures to change office building signage, decals on state vehicles, printing new stationery and business cards, issuing new employee I.D. badges, and other incidental items. The fiscal note anticipates that name changes and moving costs will be accomplished over several fiscal years and can be absorbed within existing budgets.

Expenditure Explanation Continues on See Page 2

REVENUE EXPLANATION

Since DCFS operates under a Public Assistance Cost Allocation Plan (PACAP), the department's Divisions of Child Welfare, Child Support, and Management and Finance allocate administrative and overhead costs across all federal funding sources. Proposed law would require LDH to change its existing PACAP and LA Works to create a new PACAP. Therefore, LDH and LA Works must seek Federal approval of any new cost allocation, which may impact federal revenue if there is a delay in approval. Based on prior Federal approval of the transfers of Economic Stability programs to LDH and LWC, there is no anticipated direct material effect on federal revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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CONTINUED EXPLANATION from page one:

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Expenditure explanation continued from Page 1

Overview of Abolishment of Department of Children and Family Services (DCFS)

Program Offices	Budget (HB 1)	T.O.	Proposed Law	Effective Date
Division of Child Welfare	\$415,338,093	1,540	Transferred to LDH	10/1/26
Division of Family Support (Child Support)	\$219,565,739	387	Transferred to LA Works	10/1/26
Division of Management and Finance*	<u>\$157,452,975</u>	<u>257</u>	Abolished*	10/1/26
	\$792,356,807	2,184		

*The fiscal note presumes services, functions, and employees in the Division of Management and Finance that support the Divisions of Child Welfare and Child Support will be transferred proportionally to LDH and LA Works. Therefore, only unclassified executive leadership positions are anticipated to be eliminated. While other economies of scale may be possible, those would be dependent on administrative decisions and cannot be quantified.

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