

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 30, 2003

TO: Honorable Carlos Uresti, Chair, House Committee on Human Services

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB712 by Rodriguez (Relating to abolishing the electronic imaging program of the Texas Department of Human Services.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB712, As Introduced: a positive impact of \$2,599,357 through the biennium ending August 31, 2005, if the effective date of the bill is May 1, 2003; or a positive impact of \$2,298,990 through the biennium ending August 31, 2005, if the effective date of the bill is September 1, 2003.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings from <i>GENERAL REVENUE</i> <i>FUND</i> 1 | Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1 | Probable Savings from <i>FEDERAL FUNDS</i> 555 | Probable (Cost) from <i>FEDERAL FUNDS</i> 555 |
|-------------|--|---|---|--|
| 2003 | \$300,367 | (\$103,948) | \$337,898 | (\$129,252) |
| 2004 | \$1,201,469 | \$0 | \$1,351,590 | \$0 |
| 2005 | \$1,201,469 | \$0 | \$1,351,590 | \$0 |
| 2006 | \$1,201,469 | \$0 | \$1,351,590 | \$0 |
| 2007 | \$1,201,469 | \$0 | \$1,351,590 | \$0 |

| Fiscal Year | Change in Number of State Employees from FY 2003 |
|-------------|--|
| 2003 | (0.3) |
| 2004 | (1.0) |
| 2005 | (1.0) |
| 2006 | (1.0) |
| 2007 | (1.0) |

The first scenario assumes the bill would have immediate effect assumed to be May 1, 2003. The second scenario assumes the bill would take effect September 1, 2003.

| Fiscal Year | Probable Savings from <i>GENERAL REVENUE</i> <i>FUND</i> 1 | Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1 | Probable Savings from <i>FEDERAL FUNDS</i> 555 | Probable (Cost) from <i>FEDERAL FUNDS</i> 555 |
|-------------|--|---|---|--|
| 2004 | \$1,201,469 | (\$103,948) | \$1,351,590 | (\$129,252) |
| 2005 | \$1,201,469 | \$0 | \$1,351,590 | \$0 |
| 2006 | \$1,201,469 | \$0 | \$1,351,590 | \$0 |
| 2007 | \$1,201,469 | \$0 | \$1,351,590 | \$0 |
| 2008 | \$1,201,469 | \$0 | \$1,351,590 | \$0 |

| Fiscal Year | Change in Number of State Employees from FY 2002 |
|--------------------|---|
| 2004 | (1.0) |
| 2005 | (1.0) |
| 2006 | (1.0) |
| 2007 | (1.0) |
| 2008 | (1.0) |

Fiscal Analysis

The bill would repeal Section 31.0325, Electronic Imaging Program, Human Resources Code which authorized the Department of Human Services to implement a finger imaging program for applicants and for recipients in conjunction with the electronic benefits program. The bill includes a provision allowing for the Act to have immediate effect, which is assumed to be May 1, 2003. Should the Act not have immediate effect the effective date would become September 1, 2003.

Methodology

Department of Human Services (DHS) currently contracts for finger imaging services at the time of a client's application for services. The agency indicated that the contract contains a provision that the contract must be terminated if a required appropriation is not made. The abolishment of a particular program may not automatically cancel the State's financial obligations under existing contracts, despite the "funding-out" clause. DHS indicated that additional direction or specific prohibition in the General Appropriations Act to expend any funds for an electronic imaging program previously authorized by Sec. 31.0325, Texas Human Resources Code, other than for normal shut down costs would provide additional authority.

Savings are assumed to come primarily from elimination of payments to the contractor.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 324 Department of Human Services

LBB Staff: JK, JO, EB, KF, ML