

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 4, 2005

**TO:** Honorable Suzanna Gratia Hupp, Chair, House Committee on Human Services

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB420** by Naishtat (Relating to the eligibility of certain persons for the temporary assistance for needy families and food stamp programs.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB420, As Introduced: a negative impact of (\$3,303,590) through the biennium ending August 31, 2007.

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

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$1,643,818)
2007	(\$1,659,772)
2008	(\$1,760,857)
2009	(\$1,865,765)
2010	(\$1,979,185)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from FEDERAL FUNDS 555	Probable (Cost) from GENERAL REVENUE FUND 1
2006	(\$1,320,948)	(\$1,643,818)
2007	(\$1,325,200)	(\$1,659,772)
2008	(\$1,402,915)	(\$1,760,857)
2009	(\$1,488,535)	(\$1,865,765)
2010	(\$1,585,338)	(\$1,979,185)

Fiscal Analysis

The bill would make individuals with felony convictions involving the possession, use, or distribution of controlled substances eligible for Temporary Assistance for Needy Families (TANF) cash assistance and food stamp benefits. The changes made by the bill would apply only to eligibility determinations made on or after the effective date of the bill (September 1, 2005).

Methodology

HHSC estimates a Food Stamps denial rate for felony drug convictions of .86 percent. The denial rate was applied to the TANF and Food Stamps caseload projections to determine the caseload impact of the bill.

HHSC estimates an increase in the TANF caseload of 212 recipients per month in fiscal year 2006 and 232 recipients per month in fiscal year 2007 for a total biennial cost of \$337,432 in General Revenue. The same individuals would also be eligible for Medicaid benefits and employment services through the Choices program at the Texas Workforce Commission. The biennial cost for Medicaid benefits is estimated to be \$625,922 in General Revenue and \$1,587,327 in All Funds. Assuming 76 percent of TANF clients have mandatory work requirements, the biennial cost for Choices is estimated to be \$639,179 in General Revenue, based on HHSC's estimate of the TANF caseload impact and an annual cost per client of \$1,722.

Some of the individuals participating in Choices would be eligible for child care services through TWC. However, TWC indicates that the cost of Choices child care would be offset by a decrease in At-Risk child care.

HHSC estimates that 338 recipients per month in fiscal year 2006 and 341 recipients per month in fiscal year 2007 would be eligible for food stamps as a result of the bill. Food stamp expenditures are entirely federal funds and are not reflected in the budget of any state agency. The same individuals would be eligible for employment and training services through TWC. The biennial cost of employment and training services is estimated to be \$1,622,400 in General Revenue and \$3,244,800 in All Funds, assuming an average monthly cost of \$400 per person. TWC indicates that employment and training service expenditures would be 50 percent General Revenue and 50 percent Federal Funds.

For the purposes of this fiscal note, expenditures that could be paid for using TANF federal funds are assumed to be paid for from General Revenue Funds, due to the limited availability of TANF federal funds.

### **Technology**

HHSC estimates a technology impact of \$78,657 in General Revenue and \$141,000 in All Funds in fiscal year 2006 to modify TIERS and other automated systems.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 320 Texas Workforce Commission, 529 Health and Human Services Commission

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