

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 6, 2005

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

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

IN RE: HB2788 by Veasey (Relating to supplemental financial assistance for certain primary caretakers of a dependent child.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2788, As Introduced: a negative impact of (\$7,414,296) 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	(\$3,622,296)
2007	(\$3,792,000)
2008	(\$3,672,000)
2009	(\$3,516,000)
2010	(\$3,144,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GR MATCH FOR MEDICAID 758</i>	Probable (Cost) from <i>FEDERAL FUNDS 555</i>	Probable (Cost) from <i>GENERAL REVENUE FUND 1</i>
2006	(\$10,296)	(\$30,888)	(\$3,612,000)
2007	\$0	\$0	(\$3,792,000)
2008	\$0	\$0	(\$3,672,000)
2009	\$0	\$0	(\$3,516,000)
2010	\$0	\$0	(\$3,144,000)

The bill would amend Section 31.0041 of the Human Resources Code to authorize the Health and Human Services Commission (HHSC) to make annual supplemental payments not to exceed \$1,000 annually to grandparents who are the primary caretaker of a child under the age of 18, who have a family income not exceeding 200% of the federal poverty income level, and who have resources that do not exceed the amount allowed for financial assistance. The payments would be made only to the extent that funds are appropriated for this purpose. Under current statute, supplemental payments to grandparents are a one-time payment instead of an annual payment as proposed by the bill.

Subsection (f) is added, stating that the Health and Human Services Commission (HHSC) shall annually review the financial eligibility of a person receiving supplemental financial assistance under this section, and whether the dependent child continues to live with the person receiving supplemental financial assistance.

The bill directs HHSC to request any federal agency waiver or authorization necessary to implement the changes called for by this bill and allows its implementation to be delayed until the waiver or authorization is granted.

The bill takes effect September 1, 2005.

Fiscal Analysis

The bill would provide for annual supplemental payments to grandparent caretakers of TANF-eligible children.

Given the limited availability of Temporary Assistance for Needy Families (TANF) federal funds, for the purpose of this fiscal note General Revenue is assumed as the method of financing. Should additional TANF federal funds become available, \$3,612,000 in FY 2006 and \$3,792,000 in FY 2007 of General Revenue costs assumed above could be financed with TANF federal funds.

The Texas Workforce Commission assumes no fiscal impact from the bill.

Methodology

The Health and Human Services Commission used fiscal year 2002 as a base year to calculate a percentage of persons receiving the supplemental payment who were still caretakers of TANF-eligible children in subsequent years. This percentage is 42% one year later, 38% two years later, 23% three years later, 18% four years later (forecasted) and 12% five years later (forecasted).

This methodology results in the following average monthly caseloads of persons who are projected to be eligible for annual payments in FY 2006-FY 2010: 301, 316, 306, 293, and 262. In addition, HHSC applied a 5% reduction factor to account for children no longer eligible because they had reached their 18th birthday. This results in a General Revenue cost of \$3,612,000 in fiscal year 2006 and \$3,792,000 in fiscal year 2007. The information technology cost is \$41,184 in fiscal year 2006 and is matched at 75% by the federal government.

Technology

HHSC assumes \$41,184 in professional services costs for automation changes in fiscal year 2006. This cost estimate assumes it would be matched at 75% by the federal government.

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

LBB Staff: JOB, CL, KF, MB