

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 9, 2007

TO: Honorable Patrick M. Rose, Chair, House Committee on Human Services

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

IN RE: **HB2902** by Harper-Brown (Relating to mandatory participation in certain TANF employment programs by certain persons.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2902, As Introduced: a positive impact of \$13,774,485 through the biennium ending August 31, 2009.

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
2008	\$5,111,255
2009	\$8,663,230
2010	\$9,538,664
2011	\$10,498,645
2012	\$11,560,080

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>FEDERAL FUNDS - TANF (TWC)</i> 555	Probable (Cost) from <i>FEDERAL FUNDS- Federal Child Care (TWC)</i> 555	Probable Savings from <i>GENERAL REVENUE FUND (HHSC)</i> 1	Probable Savings from <i>GR MATCH FOR MEDICAID (HHSC)</i> 758
2008	(\$36,072,102)	(\$38,686,362)	\$66,564	\$5,044,691
2009	(\$37,590,276)	(\$41,205,281)	\$108,328	\$8,554,902
2010	(\$37,590,276)	(\$41,205,281)	\$112,886	\$9,425,778
2011	(\$37,590,276)	(\$41,205,281)	\$117,635	\$10,381,010
2012	(\$37,590,276)	(\$41,205,281)	\$122,583	\$11,437,497

Fiscal Year	Probable Savings from <i>FEDERAL FUNDS - TANF (HHSC)</i> 555	Probable Savings from <i>FEDERAL FUNDS - Medicaid (HHSC)</i> 555
2008	\$1,071,052	\$7,683,606
2009	\$1,733,546	\$12,764,988
2010	\$1,806,474	\$14,046,619
2011	\$1,882,470	\$15,475,594
2012	\$1,961,664	\$17,056,289

## **Fiscal Analysis**

Section 3 of the bill would amend the Human Resources Code by defining persons who are non-TANF recipients but are parents of TANF recipients as "nonrecipient parents" and includes those persons as mandatory participants in work or employment activities. Section 4 of the bill requires the Texas Workforce Commission to establish criteria for good cause failure to cooperate in work participation activities and prohibit the Health and Human Services Commission from adopting rules that provide exceptions to required participation. The bill would take effect on September 1, 2007.

## **Methodology**

Based on analysis by the Texas Workforce Commission (TWC), implementation of the bill would increase the average monthly number of adults served by approximately 6,000 clients eligible under TWC's criteria and 6,000 nonrecipient parents. The total cost would be \$74,758,464 in Federal Funds in fiscal year 2008 and \$78,795,557 in fiscal year 2009 and each year thereafter. Calculations assume an average annual cost of \$965.76 per Choices client for fiscal years 2008-2012 and an average daily child care cost of \$18.15 in fiscal year 2008 and \$18.48 in fiscal years 2009-2012. Due to a decline in TANF caseloads, the Texas Workforce Commission can absorb the costs associated with serving this new population within existing resources. However, it would require a movement of funds within the child care strategies, leaving less funds available to provide child care services to at-risk children.

According to the Health and Human Services Commission (HHSC), implementation of the bill would decrease the average recipients per month for the TANF assistance program by 17,352 in fiscal year 2008, with a decrease of 31,309 by 2012. Medicaid caseloads for TANF adults would decrease by 3,359 recipient months per month in fiscal year 2008, with a decrease of 6,060 by 2012. Calculation of these decreases in caseloads are based on HHSC February 2007 update estimates. No net change in full-time equivalent levels are assumed; new work requirements specified by the bill would be offset by reduced workloads associated with fewer clients.

## **Local Government Impact**

No 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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