LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 10, 2007

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

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

IN RE: **SB861** by Shapleigh (Relating to the creation of employee wellness programs by state agencies.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB861, As Introduced: a negative impact of ($10,302,984) 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	($5,151,492)
2009	($5,151,492)
2010	($5,151,492)
2011	($5,151,492)
2012	($5,151,492)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from *GENERAL REVENUE FUND* 1
2008	($5,151,492)
2009	($5,151,492)
2010	($5,151,492)
2011	($5,151,492)
2012	($5,151,492)

Fiscal Analysis

The bill amends Government Code Chapter 664 to expand the state employee wellness program. The bill would require each state agency to designate a wellness coordinator. The bill provides that the employee wellness program would be a comprehensive program that includes the components to reduce direct and indirect costs associated with preventable disease. The employee wellness program may include an on-site nurse practitioner, ergonomic office equipment, nutrition education, smoking cessation, and reduced membership fees to join fitness centers.

The bill would authorize agencies with fewer than 100 employees to work with a larger agency to provide a wellness program to its employees, including consulting with the Department of State Health Services.

The bill would take effect on September 1, 2007.

Methodology

It is assumed that each agency would designate a wellness coordinator from its current staff and the agency could absorb the cost of providing information about wellness to its employees.

Based on other comprehensive private and public sector employee wellness programs, it costs $3 per employee per month to provide a program that is effective in reducing direct and indirect costs associated with preventable disease. There are 143,097 state employees; therefore, it is estimated that a program that would meet the criteria of the bill would cost $5.2 million per year in General Revenue.

Wellness programs effective in reducing costs offer employees incentives to participate. The cost of incentives is not included in the $3 per employee per month. An effective employee wellness program that includes incentives is estimated to save an employer $3-$6 for every $1 invested. The savings begin to accrue in 3 to 5 years after the inception of the program.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 537 State Health Services, Department of

LBB Staff: JOB, MN, JI, DH