

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 14, 2009

TO: Honorable Mark Strama, Chair, House Committee on Technology, Economic Development & Workforce

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

IN RE: HB2636 by Castro (Relating to the establishment of an employment services program to assist certain unemployed or underemployed child support obligors.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2636, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

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
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>Wrkforce Commission Fed</i> 5026	Change in Number of State Employees from FY 2009
2010	(\$6,369,435)	2.0
2011	(\$8,188,007)	2.0
2012	(\$8,169,662)	2.0
2013	(\$8,169,662)	2.0
2014	(\$8,169,662)	2.0

Fiscal Analysis

The bill would amend the Labor Code relating to the establishment of an employment services program to assist certain unemployed or underemployed child support obligors. The bill would require the Texas Workforce Commission (TWC) and the Office of the Attorney General (OAG) to jointly develop and administer a program to provide employment services to obligors within the Title IV-D caseload whose children have received financial assistance or medical assistance under Human Resources Code Chapter 31 or 32, respectively, and whose unemployment or underemployment status prevents their ability to comply with their child support obligation.

Under the provisions of the bill, the OAG’s Child Support Division would perform oversight of the program, including management of the local sites, and working with field staff to identify cases for

referral to the program. The bill would provide new resources to be used as an enforcement tool for child support collections. The bill would require that the non-custodial parents (NCP) who would participate in the program would have been in court for non-payment of child support and would be ordered to the program.

This bill would take effect immediately upon receiving a two-thirds majority vote in each house. If the bill does not receive a two-thirds vote in each house, the bill would take effect September 1, 2009.

Methodology

Based on information provided by the OAG, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be absorbed with current resources.

The OAG anticipates a positive fiscal impact for FY 2010-2014 of \$93,370,433 comprised of \$75,081,600 in child support disbursed to Texas families; \$3,336,960 for the state share of recovered assistance; \$6,477,628 in federal matching funds if state share is appropriated and spent; \$875,100 in federal performance incentives awarded to the state; and \$7,599,145 in cost avoidance of TANF benefits. The OAG already has the authority to receive and disburse Child Support collections, as well as the receipt of any federal incentives. Therefore, the OAG would not require additional appropriation authority as the result of passage of this bill.

According to the analysis provided by TWC, child support obligors associated with current or former TANF or Medicaid recipients will be affected by the passage of this bill. Eligible child support obligors will be assigned a case manager who will be responsible for assisting them with skills assessment, job training and job placement in order to meet the participation requirements of the program. Eligible child support obligors would receive assistance with obtaining employment and fulfilling their child support obligations. There will be a need for child support obligor employment services program case managers at the workforce centers.

The bill will require TWC to establish and administer a statewide employment services for child support obligors funded using existing TANF funds. To begin implementation of the child support obligor employment services program, TWC will need to develop rules and policies outlining the program and its requirements for any eligible obligor participating in the program or amend existing rules. With the establishment of this Act, automation changes will need to be made in The Workforce Information System of Texas (TWIST) to reflect such information as the number of NCP's served (on a monthly and yearly basis) and customer population statistics.

The following estimates are calculated based on current expenditures for state and local level administrative and service delivery, necessary IT system modifications, and the current and forecast economic conditions. The bill would require TWC to establish and administer a statewide employment services for child support obligors funded using existing TANF funds. The current cost per obligor/NCP served is approximately \$1,000 annually. This includes local Board oversight, contractor staff (salary, fringe, travel), and supportive service costs. The OAG's goal is to order 15 NCPs per month into the program from each IV-D court or Child Support Office (depending on the region). Therefore small workforce board areas will have 15-30 NCP cases per month for a 12-month period at \$1,000 per customer for fiscal years 2010-14; mid-size workforce board areas will serve 30-45 NCP customers per month for 12 months at \$1,000 per customer for fiscal years 2010-14; and large workforce board areas will serve 75-90 NCP customers per month for 12 months at \$1,000 per customer for fiscal years 2010-14.

TWC estimates it would need 2 Program Specialists (1 FTE in Salary Group B11 at \$57,000/yr and 1 FTE in Salary Group B15 at \$74,000 each year = \$131,000 per year; totaling \$655,000 for the five-year period. Employee Benefits are estimated at \$131,000 multiplied by .2857 (28.57 percent of salaries) equals \$37,427 per year (rounded), totaling \$187,135 for the five-year period. Indirect and Administrative Support services are estimated at \$131,000 multiplied by .2 (20 percent of salaries) equals \$26,200 per year (rounded), totaling \$131,000 for the five-year period. Other operating expenses for programming costs to make the necessary changes to TWIST are \$26,428 for fiscal year 2010 only. Travel expenses are estimated at \$73,380 per year for fiscal years 2010-2011 and \$55,035 per year for fiscal years 2012- 2014, totaling \$311,865 for the five-year period.

Grants are estimated at \$6,075,000 for FY 2010; \$7,920,000 for FY 2011-2014; totaling \$37,755,000 for the five-year period. Total Costs for FY 2010-14: Salaries \$655,000 + Benefits \$187,135 + Indirect and Administrative Support \$131,000 + Other Operating Expenses \$26,428 + Travel \$311,865 + Grants \$37,755,000 = \$39,066,428.

In summary, estimated cost to the TWC to implement the provisions of this bill is \$6,369,435 in fiscal year 2010; \$8,188,007 in fiscal year 2011; \$8,169,662 per year in fiscal years 2012- 2014; totaling \$39,066,428 for the five-year period. The method of financing is Workforce Commission federal funds 5026-TANF. TWC would need this additional TANF funding in order to be able to implement this legislation.

Technology

TWC states that it would need to make programming changes to the TWIST system at an estimated cost of \$26,428 for fiscal year 2010 only.

Local Government Impact

According to the TWC, the Local Workforce Development Boards will see an increase in the number of child support obligors upon determination that eligible obligors will be required to participate in the program and there will be a corresponding increase in the need for child support obligor employment services program case managers at the workforce centers. Estimated increase is \$6,075,000 in FY2010 and \$7,920,000 each year in FY 2011-14 totaling \$37,755,000. These costs will be funded with grants from TWC totaling these amounts each year.

Source Agencies: 302 Office of the Attorney General, 320 Texas Workforce Commission

LBB Staff: JOB, JRO, MW, NV