LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 15, 2011

TO: Honorable Richard Pena Raymond, Chair, House Committee on Human Services

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

IN RE: **HB1709** by Dukes (Relating to the creation of the individual development account program to provide savings incentives and opportunities for certain foster children to pursue home ownership, postsecondary education, and business development.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1709, As Introduced: a negative impact of ($1,472,100) through the biennium ending August 31, 2013.

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
2012	($736,050)
2013	($736,050)
2014	($736,050)
2015	($736,050)
2016	($736,050)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Fund* 1
2012	($736,050)
2013	($736,050)
2014	($736,050)
2015	($736,050)
2016	($736,050)

Fiscal Analysis

The bill would add a new Subchapter E to Chapter 40 of the Human Resources Code. The new subchapter creates the Asset Development Initiative for certain foster children and would be implemented by the Department of Family and Protective Services (DFPS). The bill requires the Health and Human Services executive commissioner to establish rules regarding eligibility criteria for participation in individual development accounts consistent with the federal Assets for Independence Act (Public Law 105-285). The individual development accounts established by the bill allow foster children between the ages of 15 and 22 to spend funds accrued in savings accounts overseen by sponsoring organizations for qualified purposes, such as certain educational, academic, homebuying or business-related expenses. Qualified withdrawals from individual development accounts receive equivalent matching funds.

Methodology

The estimated annual cost of the bill is $736,050 in General Revenue. This estimate assumes that the number of foster children eligible to participate in the Asset Development Initiative each year is 4,907. The estimate for the number of eligible foster children (those between the ages 15 and 22) adds 200 to the DFPS 2010 Data Book figure of 4,707 children between the ages of 14 and 21 in Texas foster care in August 2010 to account for age differences and population increases. This cost estimate assumes that: (1) the rules adopted pursuant to the bill will establish a maximum participant amount of $2,000, identical to that found in the federal Assets for Independence Act; (2) fifteen percent of eligible foster children would make qualified withdrawals every year; and (3) each withdrawal will be in the amount of $1,000, or half of the maximum allowable amount (4,907 eligible foster children each year multiplied by 15 percent making qualified withdrawals multiplied by $1,000 match = $736,050). The General Revenue cost would be decreased to the extent that Temporary Assistance for Needy Families or other federal funds are available for the matching of qualified withdrawals.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 530 Family and Protective Services, Department of

LBB Staff: JOB, CL, AM, MB, NM