

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**March 24, 2015**

**TO:** Honorable Charles Schwertner, Chair, Senate Committee on Health & Human Services

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** SB723 by Perry (Relating to mandatory participation in certain TANF employment and other programs by certain persons.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB 723, As Introduced: a negative impact of (\$437,228) through the biennium ending August 31, 2017.

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
2016	(\$440,000)
2017	\$2,772
2018	\$3,744
2019	\$3,840
2020	\$3,888

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings from General Revenue Fund 1	Probable (Cost) from General Revenue Fund 1	Probable Savings from Federal Funds 555
2016	\$0	(\$440,000)	\$0
2017	\$2,772	\$0	\$62,928
2018	\$3,744	\$0	\$64,680
2019	\$3,840	\$0	\$67,392
2020	\$3,888	\$0	\$69,204

**Fiscal Analysis**

The bill would require nonrecipient parents of children who receive Temporary Assistance for Needy Families (TANF) financial assistance to meet work requirements and participate in employment programs. The bill eliminates several exemptions for the TANF employment program and requires the Health and Human Services Commission (HHSC) to promulgate and adopt rules

regarding the responsibilities of nonrecipient parents and the provision of financial assistance to two-parent families.

The bill would go into effect on September 1, 2015.

### **Methodology**

HHSC estimates that costs associated with implementing the provisions of the bill would be realized with modifications to the Texas Integrated Eligibility Redesign System (TIERS) for a total cost of \$440,000 in General Revenue in fiscal year 2016. To complete the modifications, HHSC estimates that it will hire two programmers at a rate of \$100 per hour for a total of 4,400 hours. HHSC's estimate assumes that the TIERS system changes will only apply to the eligibility determination processes for the nonrecipient parents. TANF federal funds may be used to cover the costs for the changes to TIERS, if available.

HHSC has reported that the bill would result in a decline in caseloads, generating cost savings to General Revenue beginning in fiscal year 2017. Based on the methodology provided by HHSC, the monthly TANF caseload for the state-funded portion of the program will drop by 3 individuals per month at a rate of \$77 per month per individual for 2017, 4 individuals per month at a rate of \$78 per month per individual for 2018, 4 individuals per month at a rate of \$80 per month per individual for 2019, and 4 individuals per month at a rate of \$81 per month per individual for 2020. This is a total savings of \$14,244 in General Revenue over five years.

HHSC has reported that the decline in caseloads would also result in a cost savings to Federal Funds beginning in fiscal year 2017. Based on the methodology provided by HHSC, the monthly TANF caseload for the federally-funded portion of the program will drop by 69 individuals per month at a rate of \$76 per month per individual for 2017, 70 individuals per month at a rate of \$77 per month per individual for 2018, 72 individuals per month at a rate of \$78 per month per individual for 2019, and 73 individuals per month at a rate of \$79 per month per individual for 2020. This is a total savings of \$264,204 in Federal Funds over five years.

HHSC has indicated that costs related to the adoption of the rules are immaterial and would be absorbed within existing resources. The Texas Workforce Commission (TWC) estimates costs due to additional consumers, associated child care services for a portion of these consumers, and modifications to the Workforce Information System of Texas. TWC reported that these costs can be absorbed using existing resources.

### **Technology**

The bill would require changes to HHSC's TIERS system to reflect the changes in exemptions and the expansion of the TANF requirements to non-recipients.

The bill would require changes to TWC's Workforce Information System of Texas.

### **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:** UP, NB, MH, CG, RC