

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 24, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1664 by Perry (Relating to the establishment of the Texas Achieving a Better Life Experience (ABLE) Program; authorizing the imposition of fees.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1664, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>New Texas ABLE Savings Plan Account outside Treasury</i>	Probable Savings/(Cost) from <i>New Texas ABLE Savings Plan Account outside Treasury</i>	Change in Number of State Employees from FY 2015
2016	\$1,316,081	(\$1,316,081)	7.0
2017	\$873,581	(\$873,581)	7.0
2018	\$873,581	(\$873,581)	7.0
2019	\$873,581	(\$873,581)	7.0
2020	\$873,581	(\$873,581)	7.0

Fiscal Analysis

The bill would amend Chapter 54 of the Education Code to create the Texas Achieving a Better Life Experience (ABLE) Program and Texas ABLE savings plan account as authorized by federal law. The program would be administered by the Prepaid Higher Education Tuition Board (Board) and the savings plan account would be established as a trust fund outside the state treasury to be financed through administrative fees and service charges authorized under the bill. Contributions

to a participant's ABLE savings account and the earnings on those contributions would be used to finance a beneficiary's qualified disability expenses.

Among the bill's required duties of the Board in administering the ABLE program are requirements to develop and provide related information for participants and their families; enter into agreements with any financial institution or any state or federal agency to administer the program; invest participant funds in appropriate investment instruments; and provide annual financial reports.

The bill would take effect immediately upon receipt of a two-thirds vote of all members elected to each house; otherwise the bill would take effect September 1, 2015.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either within or outside of the treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

The office of the Comptroller of Public Accounts, which houses the Prepaid Higher Education Tuition Board, indicates in their analysis that while several states are considering legislation to establish ABLE programs, no state currently has an operational ABLE program. The agency has indicated that based on the estimates of the Coalition of Texans with Disabilities, approximately 570,000 Texans meet federal eligibility requirements and of those individuals, approximately 20 percent would establish ABLE savings accounts. It is assumed that the average account size would be \$7,000 and include a combination of individuals which would invest in the savings account on a long-term basis and individuals which would use the accounts in a manner similar to a checking account to pay qualified disability expenses.

Based on the Comptroller's experience operating the Texas Guaranteed Tuition Plan, the agency indicates the Board would require 7.0 additional full-time equivalent staff and two contracted temporary staff to provide customer service support, enroll participants, manage participant accounts, provide statewide marketing and outreach efforts, handle legal questions and review documents for legal compliance. Costs include salary, benefits, payroll contributions, travel, professional fees and services, and technology costs for a total of \$1,316,081 in fiscal year 2016 and \$873,581 in each fiscal year thereafter.

The bill authorizes the agency to impose and collect administrative fees and service charges. This analysis assumes these program fees would be collected in an amount sufficient to cover the costs to implement the ABLE program. The revenue gain shown in the table above to the new Texas ABLE Savings Plan Account reflects the assumed collection of the noted program fees and does not include estimated balances of participants' savings accounts.

Technology

The agency's costs include \$250,000 in fiscal year 2016 for software and equipment purchases and \$35,000 in each fiscal year thereafter for ongoing technology costs including licensing fees.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 783 University of Houston System Administration

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