

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 9, 2017**

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

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

**IN RE: HB3204** by Raymond (Relating to vendor requirements under the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3204, As Introduced: a negative impact of (\$3,171,075) through the biennium ending August 31, 2019.

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
2018	(\$1,601,882)
2019	(\$1,569,193)
2020	(\$1,569,193)
2021	(\$1,569,193)
2022	(\$1,569,193)

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

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Federal Funds</i> 555	Change in Number of State Employees from FY 2017
2018	(\$1,601,882)	(\$6,152,285)	13.5
2019	(\$1,569,193)	(\$6,152,285)	13.5
2020	(\$1,569,193)	(\$6,152,285)	13.5
2021	(\$1,569,193)	(\$6,152,285)	13.5
2022	(\$1,569,193)	(\$6,152,285)	13.5

## **Fiscal Analysis**

The bill would require the state to include certain predominantly WIC program vendors as authorized vendors in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The bill would prohibit certain requirements in a vendor agreement for the WIC program. The bill would authorize a state agency to request a waiver from a federal agency if necessary to implement the provisions of the bill.

## **Methodology**

The Department of State Health Services (DSHS) indicates that implementing the provisions of the bill related to vendor requirements under the WIC program would cost \$1.6 million in General Revenue and \$7.8 million in All Funds for fiscal year 2018 and \$1.6 million in General Revenue and \$7.7 million in All Funds for every year thereafter. The agency would need 13.5 full-time equivalent positions (FTEs) each fiscal year to accept additional vendor applications and manage additional vendor contracts. Salary costs would be \$667,863 for fiscal year 2018 and \$889,690 for every year thereafter. Benefit costs would be \$234,553 for fiscal year 2018 and \$312,459 for every year thereafter. DSHS anticipates 635 additional vendor inspections would be conducted in fiscal year 2018 and 150 in every year thereafter. The cost associated with a vendor inspection is approximately \$350. Contracting costs to conduct the inspections would be \$222,250 in fiscal year 2018 and \$52,500 for every year thereafter. Other operating expenses would be \$477,216 for fiscal year 2018 and \$314,544 for every year thereafter. DSHS anticipates that the provisions of the bill would allow certain higher cost vendors to participate in the WIC program, increasing total food package costs to the state. The agency would use an estimated \$6.2 million in unallocated federal funds received for the WIC program in each year to cover higher food costs. The WIC program transfers to the Health and Human Services Commission on September 1, 2017.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 537 State Health Services, Department of

**LBB Staff:** UP, KCA, ER, ADe