

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 24, 2017

TO: Honorable Charles Perry, Chair, Senate Committee on Agriculture, Water & Rural Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1587 by Garcia (Relating to lead in drinking water at schools and child care facilities.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB1587, As Introduced: an impact of \$0 through the biennium ending August 31, 2019.

However, there would be a cost to General Revenue-Dedicated account 153 of \$8.6 million in the biennium ending August 31, 2019 and a significant cost to local entities, child care centers, and child care homes.

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	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>Water Resource Management</i> 153	Change in Number of State Employees from FY 2017
2018	(\$5,169,970)	50.0
2019	(\$3,514,726)	50.0
2020	(\$3,514,726)	50.0
2021	(\$3,514,726)	50.0
2022	(\$3,514,726)	50.0

Fiscal Analysis

The bill would amend Texas Health and Safety Code, Chapter 341 to require public water systems to replace lead service lines in public and private schools and child care facilities served by the public water system. This replacement would be required to be paid for by the public water system, and must conform to certain technical guidelines provided by the bill. Public water systems would be required to provide each school district, open-enrollment charter school, private school, and child care facility any information in its possession relating to the location of lead service lines; affected school districts, schools, and facilities would be required to determine which buildings received drinking water through lead service lines and to report the information to the Texas Commission on Environmental Quality (TCEQ). TCEQ would be required to ensure that the lead service lines are disposed of in accordance with hazardous waste laws and are not disposed of in a landfill or incinerated.

The bill would require affected schools and facilities to develop and adopt a plan of action to prevent elevated lead levels in all water used for drinking or cooking, which must include installing and maintaining certified filters at all drinking water outlets and an inventory of lead-bearing parts within the school or facility's water delivery system, and may include any other measures to reduce lead contamination of drinking water outlets. To the extent that it is feasible and cost-effective, the school or facility would be required to replace the lead-bearing parts identified in the plan of action.

The bill would require schools and facilities to conduct regular testing of drinking water outlets for the presence of lead; testing would be required to be conducted by a laboratory certified by the executive director of TCEQ, and is required at least annually subject to exceptions by the executive director of TCEQ. The school or facility would be required to close access to any drinking water outlet that is revealed by testing to have an elevated lead level within 24 hours of receiving the test results; within 30 days, an alternative safe outlet must be provided, or filters must be installed on the outlet, with additional measures taken if necessary.

The bill would require schools and facilities to submit to TCEQ, the Texas Education Agency (TEA), and the Department of State Health Services (DSHS), as well as keep physical copies and public online records of, the plan of action and any modifications to the plan and information on testing activities, results, and remediation activities. The school or facility would be required to notify parents, teachers, and employees organizations of the availability of this information, and designate a contact person for communications with TCEQ and the public. If test results reveal an elevated lead level at a drinking water outlet, the bill would require the school or facility to notify certain affected persons in a format prescribed by the bill. The bill would require that every drinking water outlet have an electronically accessible code with information on testing and remediation for that outlet.

The bill provides information on when TCEQ, the school districts, schools, and facilities are required to implement the various provisions of the bill. The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house, or on September 1, 2017.

Methodology

TCEQ's estimate is based on the assumption of interacting with approximately 25,000 affected schools and child care facilities. TCEQ estimates that a new program would be required in order to receive sample result data, make compliance determinations on appropriate sample frequencies, receive and review action plans, produce technical guidance, and provide outreach and assistance.

TCEQ estimates that, based on the number of schools and facilities that would be submitting test results and would require compliance scheduling, 50.0 FTEs would be required to implement the new program, including a program supervisor, an attorney, an administrative assistant, a systems analyst, 2.0 general engineering specialists, 12.0 natural resources specialists, 24.0 environmental investigators, 2.0 enforcement coordinators, and 6.0 customer services representatives. TCEQ estimates that the costs of these FTEs would total \$3,624,028 in fiscal year 2018 and \$3,054,028 in future fiscal years.

TCEQ estimates that the cost of a contract to develop this database would be \$1,500,000 in fiscal year 2018, and that associated database maintenance and annual server charges would be \$45,941 in fiscal year 2018 and \$100,698 in future fiscal years.

According to the Department of Family & Protective Services, the number of licensed child care centers and licensed child care homes in 2015 totaled 11,178 child care facilities. This analysis uses TEA's estimate of \$2,000 to \$3,000 for testing costs per building to estimate the total annual cost for testing child care facilities to range from \$22,356,000 to \$33,534,000 per year. This analysis also uses TEA's estimate of \$1,000 for installing and maintaining filters per facility to estimate the total annual cost for filters in child care facilities to be \$11,178,000 per year. Incorporating unlicensed child care centers and homes into the estimate would increase these costs.

TEA estimates that implementing the bill will have no fiscal impact on the agency; costs to school districts are discussed below.

Technology

TCEQ estimates that a database would have to be developed that could store, receive, and evaluate the data submitted to the agency from schools and child care facilities, and could maintain an inventory of contact information associated with each school or child care facility. TCEQ estimates that the cost of this contract would be \$1,500,000 in fiscal year 2018, and that associated database maintenance and annual server charges would be \$45,941 in fiscal year 2018 and \$100,698 in future fiscal years.

Local Government Impact

According to the Texas Education Agency, it is estimated that the local cost to test all of the potable water sources would be \$2,000 to \$3,000 per building if a third-party vendor is required. Accordingly, the costs for testing all potable water sources in all human occupied buildings in all Texas public schools would range from \$20,000,000 to \$30,000,000 per year. Annual costs may decrease after consistent quality testing results are generated for certain campuses and other locations, indicating less frequent testing is required for those locations. Additionally, public and private school and child care facilities would incur costs related to installing and maintaining filters on all drinking water supplies which is estimated to be approximately \$1,000 per campus or other facility per year for all 11,000 campuses and other facilities accessed by students for a total of \$11,000,000 per year.

According to the Texas Municipal League, the fiscal impact to municipalities cannot be determined at this time.

According to the City of Houston, the fiscal impact to the City is anticipated to be significant.

Source Agencies: 582 Commission on Environmental Quality, 701 Texas Education Agency

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