

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 16, 2019

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: SB643 by Perry (Relating to a pilot program for assisting certain recipients of public benefits to gain permanent self-sufficiency.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB643, As Introduced: a negative impact of (\$630,813) through the biennium ending August 31, 2021.

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
2020	\$0
2021	(\$630,813)
2022	(\$1,072,383)
2023	(\$1,135,464)
2024	(\$1,135,464)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1
2020	\$0
2021	(\$630,813)
2022	(\$1,072,383)
2023	(\$1,135,464)
2024	(\$1,135,464)

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC), with the assistance of certain other entities including the Texas Workforce Commission (TWC) and local workforce development boards, to develop and implement a pilot program to assist certain eligible

participants with gaining self-sufficiency. The pilot would test extending Temporary Assistance for Needy Families (TANF) cash assistance payments and Supplemental Nutrition Assistance Program (SNAP) benefits by deferring the application of income and asset limit eligibility requirements for at least 24 months, but not to exceed 60 months, and reduce the benefits using a slow-reduction scale, as well as provide each participating family with holistic, wraparound case management services. Upon conclusion of the program, but not later than 48 months following the date the last participating family is enrolled in the program, the bill would require HHSC to report to the legislature on the results of the program.

The bill would go into effect immediately if it receives a vote of two-thirds of all the members elected to each house. Otherwise, the bill would go into effect September 1, 2019.

Methodology

It is assumed that HHSC and TWC can absorb the one-time costs associated with implementing the bill, and that the pilot would begin providing services in January 2021 to allow 16 months, as required by the bill, to implement the program. According to HHSC, potential additional costs related to extended benefits from an increase in average monthly cash assistance or SNAP caseload as a result of waiving certain eligibility requirements are expected to be negligible.

It is assumed that the maximum allowable enrollment of 500 participants (as permitted by the bill) would enroll in the pilot initially, and that the capacity would increase by 20 percent the following year for a total of 600 participants. According to TWC, local workforce development boards would need to hire additional case management staff at a ratio of 50 cases per caseworker and a cost of \$29,622 per caseworker. This would include 10 caseworkers for 500 participants at a cost of \$296,220 for calendar year 2021 and 12 caseworkers for 600 participants at a cost of \$355,464 each subsequent calendar year. Additionally, each participant would receive reimbursement for transportation at a cost of \$25 per week, or \$1,300 per year. The total cost for transportation would be \$650,000 in calendar year 2021, and \$780,000 in each subsequent calendar year. It is likely that there would be some participant attrition beginning 24 months after people enroll in the pilot program, which would reduce costs beginning in fiscal year 2023; however, no such assumptions were made in calculating costs. Calendar year costs have been adjusted to corresponding fiscal years, resulting in total estimated costs of \$0.6 million in General Revenue in fiscal year 2021 and \$1.1 million in General Revenue in each subsequent year.

If the bill became effective prior to September 1, 2019, the program may be implemented sooner resulting in additional costs.

Local Government Impact

The bill would result in an increase in funding for local workforce development boards beginning in fiscal year 2021.

Source Agencies: 320 Texas Workforce Commission, 529 Health and Human Services Commission

LBB Staff: WP, KK, AKi, LR, JGa