

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 10, 2021

TO: Honorable Chris Paddie, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3 by Burrows (Relating to state and local government responses to a pandemic disaster; creating a criminal offense.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3, As Introduced : a negative impact of (\$2,987,474) through the biennium ending August 31, 2023.

The information in the below tables was provided by the Texas Division of Emergency Management (TDEM) and the Texas Education Agency (TEA).

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$1,568,477)
2023	(\$1,418,997)
2024	(\$1,413,563)
2025	(\$1,443,563)
2026	(\$1,413,563)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$1,568,477)	11.0
2023	(\$1,418,997)	11.0
2024	(\$1,413,563)	11.0
2025	(\$1,443,563)	11.0
2026	(\$1,413,563)	11.0

Fiscal Analysis

Section 418A.154 of the bill would require TDEM to support the direction, oversight, and management of the development of regional plans for surge capacity during pandemic disasters, including plans for personal protective equipment, lodging, and meals, with each of the 24 Councils of Government (COG), regional planning commissions or other designated authorities.

The bill would create new authorities for the Commissioner of Education to ensure that if a district or charter school does not offer full-time in-person education for a student during the pandemic disaster, the student may attend an instructional program provided off-campus by an entity other than a school district or open-

enrollment charter school. Section 418A.157 of the bill would authorize the commissioner to approve instructional programs provided off-campus by an entity other than a school district or open-enrollment charter school in which participation by a student would be counted toward average daily attendance. Assuming that the pandemic would continue, and TEA would need to set up rules and application processes for approved entities.

Methodology

The bill would affect operations at TDEM in two ways, impacting the agency's Preparedness and Response Divisions. First, Section 418A.154 of the bill would task TDEM with direction, oversight, and management of the development of regional plans for surge capacity during pandemic disasters, including plans for personal protective equipment, lodging, and meals, with each of the 24 Councils of Government (COG), regional planning commissions or other designated authorities. Per Section 418.044(a) of the Government Code, TDEM must "employ or otherwise secure the services of professional and technical personnel capable of providing expert assistance to political subdivisions and emergency management agencies." In addition to supporting plan development and administration, the agency's Response Division would require additional logistics staff and resources to support long-term deployment relating to pandemic emergency management. TDEM estimates that \$2,518,849 in General Revenue and 9.0 additional FTEs would be necessary to undertake its responsibilities under the bill.

Under the assumption that the current pandemic continues into the 2022-23 biennium, TEA estimates that \$468,715 and 2.0 FTEs would be required in the 2022-23 biennium to implement the provisions of the bill. The majority of these costs are associated with the following activities: developing and administering a process for determining entity eligibility for off-campus instructional programs, monitoring ongoing eligibility, monitoring program enrollment, and supporting resolution of financial issues between districts, charter schools, and approved off-campus programs. Additionally, based on an assumption provided by the agency that the pandemic continues into the 2022-23 biennium, no significant impact to average daily attendance is anticipated, and as a result, there would be no significant fiscal impact to the Foundation School Program.

Other agencies note that while impacts are possible, they are not able to be calculated at this time. Specifically, the Employee Retirement System (ERS) notes that the bill allows certain ERS members to add service credit for retirement. This credit could have a negative impact on the ERS, LECOS, and JRS plans, but that impact cannot be determined. The bill makes certain members of local agencies and volunteers eligible for state health insurance benefits, but ERS is unable to determine how many individuals would be impacted by this provision, and therefore the fiscal impact of this provision cannot be determined.

Technology

TEA notes that to implement its authorities under the bill, it would need to develop a new application and reports. TEA estimates that the cost estimate to develop and implement the requirements in the new application is \$1,811.53 FY 2022 and \$5,434.58 in FY 2023 for initial development effort for a total cost of \$7,246.11.

Local Government Impact

An offense under the provisions of the bill would be an offense punishable by a fine of not more than \$1,000. Costs associated with enforcement and prosecution could likely be absorbed within existing resources. Revenue gain from fines imposed and collected is not anticipated to have a significant fiscal impact.

Based on information provided by TEA, school districts and charter schools could incur additional costs related to tracking attendance of students attending an off-campus instructional program.

Cameron County does not anticipate a fiscal impact to the county. The City of Abilene does not anticipate a fiscal impact to the city. The City of Dallas anticipates an impact, but the extent of impact cannot be determined. The City of El Paso anticipates a revenue loss of \$5.8 million in FY 2022, \$5.93 in FY 2023, \$6.05 million in FY 2024, \$6.17 million in FY 2025, and \$6.29 million in 2025 due to adopting the proposed effective tax rate in Section 418A.105 of the bill. The amount is compounded annually.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 313 Department of Information Resources, 327 Employees Retirement System, 452 Dept of License & Reg, 455 Railroad Commission, 473 Public Utility Commission of Texas, 529 Hlth & Human Svcs Comm, 537 State Health Services, 575 TX Division of Emergency Management, 582 Commission on Environmental Quality, 601 Department of Transportation, 608 Department of Motor Vehicles, 701 Texas Education Agency

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