

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

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 14, 2003**

**TO:** Honorable Chris Harris, Chair, Senate Committee on Administration

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB1094** by Capelo (Relating to grants for federally qualified health centers and to a revolving loan program for community health centers.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1094, As Engrossed: a negative impact of (\$16,778,897) through the biennium ending August 31, 2005.

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)<br>Impact to General Revenue Related<br>Funds |
|-------------|--|
| 2004        | (\$7,220,555)  |
| 2005        | (\$9,558,342)  |
| 2006        | (\$4,706,705)  |
| 2007        | (\$4,706,705)  |
| 2008        | (\$4,706,705)  |

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

| Fiscal Year | Probable Savings/(Cost) from<br><i>GENERAL REVENUE FUND</i><br>1 | Probable (Cost) from<br><i>FEDERAL FUNDS</i><br>555 |
|-------------|--|---|
| 2004        | (\$7,220,555)  | (\$303,168)   |
| 2005        | (\$9,558,342)  | (\$303,168)   |
| 2006        | (\$4,706,705)  | \$0   |
| 2007        | (\$4,706,705)  | \$0   |
| 2008        | (\$4,706,705)  | \$0   |

| Fiscal Year | Change in Number of State<br>Employees from FY 2003 |
|-------------|---|
| 2004        | 8.0   |
| 2005        | 8.0   |
| 2006        | 4.0   |
| 2007        | 4.0   |
| 2008        | 4.0   |

**Fiscal Analysis**

The bill would allow the Department of Health (TDH) to provide various grants, as specified in the

bill, to establish new facilities and to expand existing facilities that can qualify as federally qualified health centers (FQHCs). Under the provisions of the bill, TDH may provide support to help eligible organizations receive FQHC designation and then become eligible for federal FQHC grants.

It is assumed that TDH would implement a new program to provide support to help organizations receive FQHC designation and then become eligible for federal FQHC funds.

The bill would make several changes to the Texas Community Health Center Revolving Loan Fund. References to "fund" would be replaced by "program". The bill would clarify that grants may be awarded to development corporations. The bill also would delete provisions requiring development of the program as a revolving loan fund that will become self-funding over the life of the program.

The bill would also delete provisions that establish the community health center as revolving loan fund as a trust fund outside the state treasury.

### **Methodology**

In SECTION 1 of the bill: The expenditures for fiscal year 2004 are estimated at .75 of the fiscal year because of the start-up period. It is assumed that 8 FTEs would be needed to implement the provisions of the bill. Total expenditures are estimated at \$10,635,233 for the 2004-05 biennium. Some of the expenditures included in the total amount are: \$9.7M for grants; approximately \$639,000 for salary and benefits, and \$218,000 for travel.

It is assumed that grant support would not be provided in fiscal years 2006-08. It is assumed that 4 FTEs may be needed in fiscal years 2006-08 to continue to provide technical support to communities and to work with communities to improve access to primary care. Total expenditures are estimated at \$206,705 each year for fiscal years 2006-08.

A one time expenditure for 2 computers and a printer is estimated at \$3,500 in fiscal year 2004.

In SECTION 2 of the bill: It is assumed that monies in the fund would come from money appropriated by the legislature, gifts or grants, and other income. It is assumed that the program would be implemented by March 1, 2004. The average loan would be \$750,000 according to the Texas Association of Community Health Centers. It is assumed that \$4,500,000 in General Revenue per year would be needed to fund the program. It is assumed that the development corporation would not recoup a significant amount of revenue from the loans in the first five years.

### **Technology**

2 Computers (\$1,500 ea.) and 1 Printer (\$500)

### **Local Government Impact**

According to the Texas Department of Health (TDH) local health departments may have an interest in applying for federal funding as a federally qualified health centers (FQHCs) because these entities are considered eligible to receive FQHC designation. Under the provisions of the bill, TDH may assist eligible organizations in receiving FQHC designation and then become eligible for federal FQHC grants.

**Source Agencies:** 304 Comptroller of Public Accounts, 324 Department of Human Services, 501 Department of Health, 529 Health and Human Services Commission

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