

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

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

**April 10, 2003**

**TO:** Honorable Carlos Uresti, Chair, House Committee on Human Services

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

**IN RE: HB2420** by Chavez (Relating to the registration of certain assisted living facilities.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2420, As Introduced: a negative impact of (\$1,600,414) 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) Impact to General Revenue Related Funds
2004	(\$882,027)
2005	(\$718,387)
2006	(\$952,865)
2007	(\$971,715)
2008	(\$949,465)

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

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Revenue Gain from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Change in Number of State Employees from FY 2003
2004	(\$890,827)	\$8,800	12.6
2005	(\$728,587)	\$10,200	12.6
2006	(\$973,315)	\$20,450	16.8
2007	(\$973,315)	\$1,600	16.8
2008	(\$973,315)	\$23,850	16.8

**Fiscal Analysis**

The bill would amend the Health & Safety Code to require facilities that provide personal care services to three or fewer people unrelated to the owner to register with the Department of Human Services (DHS), pay a registration fee, and be subject to inspection and monitoring by the agency. DHS may deny, suspend or revoke registration if the facility violates Chapter 247 or a rule adopted under the chapter. A facility that fails to register is subject to the penalties in Subchapter C. The registration is valid for a two-year period. Facilities would not need to register with DHS until March 1, 2004.

## **Methodology**

Based on census information of existing facilities in increments of 3 (i.e., 4-6, 7-9, 10-12, etc.), the Department of Human Services (DHS) inferred an estimate of 1-3 bed Assisted Living Facilities ALFs. The number of Community Based Alternative adult foster care and Community Care Aged and Disabled adult foster care providers were also considered in estimating the number of 1-3 bed ALFs. The two estimates were averaged to yield an estimate of 352 1-3 bed ALFs.

DHS assumed in the first year of operation that 1/2 of the potential population of 1-3 bed ALFs would register. The bill authorizes the issuance of a 2-year registration. Based on the number of 1-3 bed ALFs, the expected number of registrations per year, and the present relationship between the number of all facilities and the number of licensing staff, DHS calculated that 0.5 FTEs would be needed for state office licensing activities. Given the standard times (in hours) for performing surveyor licensing, re-licensing, complaint/incidents, and follow-up functions, DHS calculated that 12.1 FTEs would be needed the first two years and 16.3 FTEs the years thereafter; salary and benefits would total \$664,051 in fiscal years 2004-05 and \$886,899 in fiscal years 2006-08.

Based on the number of registrations per year and the charge of \$50 per registration, DHS estimated revenue of \$8,800 for fiscal year 2004, \$10,200 in fiscal year 2005, \$20,450 in fiscal year 2006, \$1,600 in fiscal year 2007, and \$23,850 in fiscal year 2008. Fluctuations in the revenue are due to the biennial duration of the registration.

## **Technology**

The Department of Human Services indicated modifications to the CARES and licensing systems will be necessary (1,560 hrs @ \$104/hr. = \$162,240).

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 324 Department of Human Services

**LBB Staff:** JK, JO, EB, KF, ML