

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 27, 2005

TO: Honorable Suzanna Gratia Hupp, Chair, House Committee on Human Services

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **HB3238** by Uresti (Relating to the closure of local eligibility determination offices for health and human services programs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3238, As Introduced: a negative impact of (\$38,657,137) through the biennium ending August 31, 2007.

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
2006	(\$7,654,720)
2007	(\$31,002,417)
2008	(\$24,099,588)
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Probable (Cost) from FEDERAL FUNDS 555	Change in Number of State Employees from FY 2005
2006	(\$7,654,720)	(\$9,742,372)	414.5
2007	(\$31,002,417)	(\$39,457,622)	2,404.5
2008	(\$24,099,588)	(\$30,672,203)	1,990.0
2009	\$0	\$0	0.0
2010	\$0	\$0	0.0

The bill would affect the proposed closure of HHSC eligibility offices statewide.

Section 1 would require HHSC, if it intends to close a local eligibility office, to submit a list of offices proposed for closure to local government and hospital districts geographically close to the offices; coordinate with members of the legislature and local government officials to schedule and conduct public hearings, and; ensure that transcripts of testimony are taken at each public hearing. HHSC is responsible for ensuring that the public hearings are conducted not more than 30 miles from the offices.

Section 2 would require the executive commissioner of HHSC to report on the public testimony and recommendations to the governor and the standing health and human service committee members of the senate and house of representatives, and local government officials of the areas in which local

office closures are proposed . The bill would require submission of the transcripts of the testimony and that HHSC post the transcripts on the HHSC Internet website.

Section 3 of the bill would require the committees of the senate and house of representatives having jurisdiction over health and human services to review the report and transcripts provided by HHSC and make recommendations to the commission regarding the proposed eligibility office closures. This section also instructs HHSC not to close any offices until the commission receives and considers the recommendations from the committees.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If it does not receive the vote necessary for immediate effect, the bill would take effect September 1, 2005.

Fiscal Analysis

Current law assumes the implementation of call centers for eligibility determination. The Health and Human Services Commission (HHSC) assumes the bill would result in a six month delay of closure of certain eligibility determination offices.

Methodology

For fiscal year 2006, the assumed reduction in savings due to the provisions of the bill, based on HHSC's Business Case for Integrated Eligibility, would be equal to one-half the assumed FY 2006 savings and results in a cost of \$15.7 million in All Funds. For FY 2007, the cost would be equal to one-half the assumed FY 2006 savings plus one-half the assumed FY 2007 savings, for a cost of \$70.5 million in All Funds. This assumes that the delay in savings occurs across the biennium and into FY 2008. The cost in FY 2008 would be equal to one-half the assumed FY 2007 savings, or \$54.8 million in All Funds. Full-time-equivalents are included based on these figures.

In addition, if the 2006 transition to call centers are delayed, HHSC would require work stations (\$1,208,844 All Funds) and phone system upgrades (\$500,000 All Funds) in FY 2006.

The General Revenue cost is assumed to be 44% of the All Funds cost, based on the agency's cost estimate.

Also, the agency assumes a lower overall cost, \$66.4 million All Funds and \$29.1 million General Revenue for the biennium. The figures used in this estimate are consistent with the rider reduction included in the general appropriations bill as introduced.

Technology

The bill would have an impact on the agency's information technology, requiring work stations and phone system upgrades.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JOB, CL, KF, MB, KJG