

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 25, 2005

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

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

IN RE: SB1379 by Lucio (Relating to a statewide initiative regarding the prevention and treatment of obesity-related health concerns.), As Introduced

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1379, As Introduced: a negative impact of (\$248,421,166) 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	(\$124,005,023)
2007	(\$124,416,143)
2008	(\$124,416,143)
2009	(\$124,416,143)
2010	(\$124,416,143)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2005
2006	(\$124,005,023)	7.0
2007	(\$124,416,143)	7.0
2008	(\$124,416,143)	7.0
2009	(\$124,416,143)	7.0
2010	(\$124,416,143)	7.0

Fiscal Analysis

The bill relates to a statewide initiative regarding the prevention and treatment of obesity-related health concerns. The bill would add Chapter 114 to the Health and Safety Code, would add Sections 33.9011 and 33.9012 to the Education Code, would add Section 262.153 to the Occupations Code and would add Section 12.039 to the Agriculture Code. Upon enactment, the bill would take effect September 1, 2005.

Section 114.002 would create the Nutrition and Health Work Group that would develop and set priorities designed to improve the nutritional health of children and adults, including recommendations for activities and programs designed to reduce obesity and nutrition-related chronic diseases.

Section 114.003 would require the Texas Education Agency (TEA), the Department of State Health

Services (DSHS) and the Department of Agriculture (TDA) to administratively support the Nutrition and Health Work Group, and to adopt a memorandum of understanding on the provision of staff and facilities needed to assist the work group in performing its duties.

Section 114.102 would require the DSHS to conduct a five year nutrition and physical activity promotion analysis of the local activities of a community, related to the improvement of nutrition and physical activity within that community, as prescribed in the bill.

Section 33.9012 would create the Breakfast Fund Account established in the General Revenue Fund. Funds deposited to the credit of the Breakfast Fund may be appropriated only to the Texas Education Agency to provide grants to school districts to operate breakfast programs.

Section 262.153 would require dental hygienists to provide nutritional education information when performing dental hygiene services in schools, Head Start centers and day-care facilities.

Section 12.039 would require the Commissioner of Agriculture to seek input for the Commissioner of Education and Commissioner of State Health Services in establishing school nutrition policy, as prescribed in the bill.

The bill would require the DSHS to report the agency's recommendations to the Governor, Lt. Governor, and Speaker of the House of Representative regarding the creation of a statewide wellness council, by September 1, 2006. The Texas Department of Insurance would also be required to report the agency's recommendations to the Governor, Lt. Governor, and Speaker of the House of Representative regarding changes need in law to require health insurers to provide coverage for treatment and prevention of obesity, by September 1, 2006.

## **Methodology**

DSHS assumes that the agency would need four additional FTEs to implement the bill's provisions. The estimated costs in FY 2006 assumes 9 months only due to phase in. In FY 2006, the estimated costs would include \$159,432 for salaries and benefits, \$9,093 for rent and utilities, \$15,600 for travel expenses, and \$7,712 for 4 leased desktop personal computers and one printer. Other operating expenses would total \$24,531 for office furnishings (\$21,240), telephone service (\$915), office supplies, printing and postage (\$2,376). The estimated costs mentioned above for FY 2006 would total \$216,368.

In FY 2007-2010, the estimated costs (each year) would include \$212,576 for salaries and benefits, \$12,124 for rent and utilities, \$20,800 for travel expenses, and \$2,600 for four leased computers. Other operating expenses would total \$4,388 for telephone service, supplies and postage each year. The estimated costs for each year of FY 2008-2010 would total \$252,488.

DSHS estimates the cost of the pilot program using \$5 per capita (as recommended by the Centers for Disease Control and Prevention for a specified pilot area with a total census of less than 100,000). DSHS assumes the grants would be awarded to local health departments and community-based organizations to implement and enhance existing activities in the community and its schools and to one or more institutions of higher learning to conduct surveillance and evaluation. In FY 2006, the estimated cost of grants awarded would total \$125,000 and would total \$500,000 in each year of FY 2007-2010.

DSHS assumes a targeted public awareness campaign would be implemented subject to funds being appropriated for this purpose. Based on \$0.50 per capita cost and the cumulative target population of 4,609,163 (including the populations of Harris, Fort Bend, Montgomery and Jefferson counties.) The estimated cost would total \$2,304,582 in each year of FY 2006-2010. The agency indicates that the funds would be outsourced to professional public relations firms for the development and implementation of the public awareness campaign and to one or more institutions of higher learning to conduct evaluations. The estimated costs, based on the DSHS assumptions, would total \$2,645,950 in FY 2006 and \$3,057,071 in each year of FY 2007-2010.

TEA notes that the bill would have no direct fiscal impact on the foundation school program. TDA

currently administers school breakfast programs. TEA assumes that 30% of children not eligible for the free or reduced breakfast program would participate in the program if funds were available. According to TEA, the current federal reimbursement of children eligible for the breakfast program is \$1.23 per meal. The cost per child per year would be \$196.80 (\$1.23 times 160 participation days per year). The estimated cost of meals with 30% of non-eligible children participating, or approximately 615,854 children, would total \$121,200,000 in each year of FY 2006-2010. TEA assumes that two additional FTEs would be needed to implement the provisions of the bill related to the meals program. The estimated costs associated with two FTEs would including \$103,034 for salary and benefits, \$1,500 for travel expenses, and \$3,000 in other operating cost. The estimated costs, based on the TEA assumptions, would total \$121,310,534 in each year of FY 2006-2010.

TDA assumes that one additional FTE would be needed to implement the bill's provisions related to the menu development project. The estimated costs would include \$45,539 for salaries and benefits, \$1,500 for travel expenses, and \$1,500 for personal computers and related expenses in each year of FY 2006-2010. The estimated costs, based on the TDA assumptions, would total \$48,539 in each year of FY 2006-2010.

The estimated costs associated with the implementation of the bill's provisions would total \$124,005,023 in FY 2006 and \$124,416,143 in subsequent years. It is assumed that federal funds would not be available for the purposes noted above and that General Revenue funds would be utilized.

### **Local Government Impact**

According to TEA, the bill would require school districts with at least 60 percent of students eligible for free/reduced breakfast to consider seeking federal approval to offer free breakfast to all students and to offer the free breakfast to all children if funds become available for this purpose. The bill would also authorize school districts that lack sufficient funding to provide free breakfast to apply for grant funding, as established in the bill. The costs associated with providing the free breakfast to approximately 30% of students who are not currently eligible for the program would be at least \$121,200,000 annually.

**Source Agencies:** 454 Department of Insurance, 537 Department of State Health Services, 551 Department of Agriculture, 701 Central Education Agency

**LBB Staff:** JOB, CL, PP, JGM, RM