

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 28, 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.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1379, Committee Report 1st House, Substituted: a negative impact of (\$185,674) 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	(\$94,337)
2007	(\$91,337)
2008	(\$91,337)
2009	(\$91,337)
2010	(\$91,337)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2005
2006	(\$94,337)	2.0
2007	(\$91,337)	2.0
2008	(\$91,337)	2.0
2009	(\$91,337)	2.0
2010	(\$91,337)	2.0

Fiscal Analysis

The bill relates to a statewide initiative regarding the prevention and treatment of obesity-related health concerns. The bill would add a subchapter to the Health and Safety Code, would amend certain sections or add a subchapter to the Education Code, would add a section to the Occupations Code and would add a chapter to the Agriculture Code.

Under Section 1 of the bill, Section 161.901 would create the Interagency Obesity Council, comprised of the commissioners of agriculture, state health services and education, and require the council to meet at least once a year to discuss the status of each agency's programs related to health and nutrition promotion and obesity prevention in adults and children in Texas, and to submit a report on the councils activities for the preceding two calendar years to the Governor, Lt. Governor, and Speaker of the House of Representatives, not later than January 15 of each odd-numbered year.

Sections 161.902 - 161.104 would require the Department of State Health Services (DSHS), 1) to publicize, within existing statewide or targeted public awareness campaigns, the consequences of obesity and steps to prevent and reverse obesity, 2) to identify and encourage evidence-based clinical interventions to prevent and treat obesity, assisted by the Department of Insurance, 3) to conduct an analysis of the capacity of a local community selected by the department to improve the nutrition and physical activity behaviors within that community, with consideration for selection given only to communities with existing or potential resources that may be expended for the prevention and treatment of obesity-related health concerns, as prescribed in the bill. The bill would require DSHS to begin the analysis of the local community selected not later than October 1, 2005, and to submit a report of its findings and analysis to the Governor, Lt. Governor and Speaker of the House not later than December 31 of each even-numbered year through December 2010.

Under Section 2 of the bill, Chapter 2 would 1) set out the general responsibility of the Department of Agriculture related to nutrition in public schools, 2) allow for the operation of breakfast programs in certain school districts, 3) create the breakfast fund account established in the General Revenue Fund for the purpose of providing grants to school districts to operate breakfast programs.

Under Section 4 of the bill, Subchapter A would allow school advisory councils to develop mentoring programs to support middle school and high school students on weight-loss programs approved by their physicians or to support student coping with health problems related to obesity.

Under Section 5, Subchapter C would require the Department of Agriculture (TDA) to administer the Recognizing Extraordinary Achievement in Children's Health (REACH) Program, as prescribed in the bill. TDA would be required to measure the health performance of each school that participates in the program. Subject to the availability of funds for the program, TDA may provide a monetary program award to participating schools that achieve the minimum health performance score and may solicit and accept gifts and grants for the benefit of the program. The agency may adopt rules to administer the program.

Section 7 would require DSHS to study and report, not later than September 1, 2006, its recommendations to the Governor, Lt. Governor, and Speaker of the House of Representatives regarding the creation of a statewide wellness council. This section would also require TDI to study and report, not later than September 1, 2006, its recommendations to the Governor, Lt. Governor, and Speaker of the House of Representative regarding required changes in law that may be needed to require health insurers and other health plans issuers to provide coverage for the treatment and prevention of obesity.

Upon enactment, the bill would take effect September 1, 2005. Subchapter C, Chapter 38, Education Code would apply with the 2005-06 school year.

The provisions of the bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either within or outside of the Treasury, or create a dedicated revenue source. Thus the fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

TDA assumes that 2 FTEs would be needed to coordinate and manage the grant process for the breakfast and REACH programs, and for the menu development project. The estimated costs each to implement the provisions in FY 2006-2010 would include \$94,337 for salaries and benefits, and \$3,000 for travel expenses. In FY 2006, the estimated IT cost would total \$3,000 for initial set-up of computers, software and workstation. The estimated cost for the items mentioned above would total \$94,337 in FY 2006 and \$91,337 in subsequent years. TDA assumes that existing funds for public awareness campaigns would be used to publicize the REACH program.

TEA indicates that the bill would have no direct fiscal implications for the foundation school program and would not require the agency to administer any new programs. TEA assumes that resources of the TEA Interagency Coordinating unit would fund interagency meetings and reporting requirements. It is assumed that mentoring program providing obesity-related support would be

voluntary and would not require school districts to incur costs. It is also assumed that participation in the REACH program would provide funding awards to schools meeting the minimum health performance score.

For the purposes of this fiscal note, only those districts that have sufficient funds to operate the breakfast program under the special assistance provision will consider seeking approval. Under this assumption, there would be no cost to the state to implement the program. If this assumption is incorrect and districts seek approval and funding from TEA, then TEA estimates that at least \$26.8 million would be needed annually to implement a grant program for free school breakfasts in districts with 60% of students eligible for free or reduced-price meals. ($\$1.23 \text{ per meal} \times 160 \text{ participation days} = \$198.6 \text{ per year per student ineligible for free or reduced priced lunch in the same district.}$) This assumes that the appropriation would be at a level necessary to provide free breakfasts to about 30 percent of the students (or approximately $135,952 \text{ students} \times \$198.6 = \$27.0 \text{ million}$) in affected districts who do not currently qualify for either the federal free or reduced breakfast program.

DSHS indicates the provisions in the bill related to the interagency obesity council and required report, the identification of evidence-based clinical interventions to prevent and treat obesity, the analysis of the selected communities capacity to improve nutrition and physical activity behavior within the community, and the evaluation on the benefits of a statewide wellness council would be accomplished within existing resources. DSHS indicates obesity-related information, as prescribed in the bill, would be included in existing public awareness campaigns should funding become available.

Technology

IT costs would total \$3,000 for intial set-up of computers, workstation and software.

Local Government Impact

If all eligible districts seek approval to implement the special assistance program, then TEA estimates that at least \$26.8 million would be needed annually to implement a grant program for free school breakfasts. The mentoring program would be voluntary and would not require school districts to incur costs. Participation in the REACH program may provide additional funding to schools through awards.

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

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