

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 20, 2007

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

IN RE: **HB407** by Chisum (Relating to the establishment of a home-delivered meal grant program in the Department of Agriculture.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB407, As Engrossed: a negative impact of (\$32,359,131) through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$16,153,478)
2009	(\$16,205,653)
2010	(\$24,282,391)
2011	(\$24,282,391)
2012	(\$28,320,761)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from GENERAL REVENUE FUND 1	Probable Revenue Gain/(Loss) from New GR-Dedicated Home-Delivered Meal Fund	Probable Savings/ (Cost) from New GR-Dedicated Home-Delivered Meal Fund	Change in Number of State Employees from FY 2007
2008	(\$16,153,478)	\$16,153,478	(\$16,153,478)	1.0
2009	(\$16,205,653)	\$16,205,653	(\$16,205,653)	1.0
2010	(\$24,282,391)	\$24,282,391	(\$24,282,391)	1.0
2011	(\$24,282,391)	\$24,282,391	(\$24,282,391)	1.0
2012	(\$28,320,761)	\$28,320,761	(\$28,320,761)	1.0

Fiscal Analysis

This bill creates a fund administered by the Texas Department of Agriculture (TDA) to help defray the cost of providing home-delivered meals. Grant applicants must be a governmental agency or a nonprofit private organization that provide home-delivered meals to the homebound elderly and disabled. Applicants must also receive a grant from the county where the meals are delivered. The amount of money from the fund available to programs in a county will depend on the number of county residents aged 60 or older, the amount of the county's grant and the total dollars appropriated to the fund. TDA grants can be up to one dollar for each meal delivered by the applying organization to homebound elderly or disabled persons in the county in the preceding state fiscal year that were not fully funded by the Department of Aging and Disability Services (DADS) or an Area Agency on Aging (AAA).

The act will take effect immediately if it receives a vote of two-thirds of all the members elected to each house. If this bill does not receive the vote necessary for immediate effect, the act takes effect September 1, 2007.

Methodology

In order to implement the provisions of the bill, TDA anticipates needing one additional FTE and associated start up costs for a total of \$65,190 in fiscal year 2008 and \$52,175 in subsequent fiscal years. The agency also estimates a cost of \$10,800 in professional service fees to create the software to process the grant applications.

The Meals on Wheels Association of Texas estimates that they provide more than 50 million meals each year to homebound elderly and disabled people. DADS and AAA funding provided for 9.6 million meals to homebound elderly and disabled people in 2005, leaving approximately 40.4 million meals eligible for reimbursement under this program. Provided that TDA grants can be up to one dollar for each meal delivered by the applying organization and assuming that in the first two fiscal years of the program 40 percent of the eligible organizations apply, the cost to the state would be approximately \$16.2 million a fiscal year. It is anticipated that the cost to the state will increase in subsequent years as more eligible organizations apply for the grant program.

The bill would also create a new General Revenue-Dedicated Account, the Home-Delivered Meal fund, which would fund the grant program and related administrative costs. For purposes of this analysis, it is assumed that funding for the program would be provided by a transfer from the General Revenue Fund. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Technology

The agency anticipates a cost of \$2,000 for a computer and software for the new FTE and \$10,800 in professional service fees to create the software to process the grant applications

Local Government Impact

A county match is required under this program. The cost to the county will vary according to the number of residents at least 60 years of age. The county must pay between 1 cent and 25 cents per resident of this age group. The grant amount an organization can receive depends on the amount of county matching funds. The applying organization may receive up to one dollar per meal if the county provides a matching grant of at least 25 cents per person. The organization’s grant amount will be reduced proportionately if the county match is less than 25 cents times the number of county residents at least 60 years of age.

Source Agencies: 551 Department of Agriculture

LBB Staff: JOB, DB, WK, ZS, JF