

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 25, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB1168 by Menendez (Relating to licensing and regulation of certain facilities providing personal care to elderly or disabled persons; providing penalties.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1168, As Passed 2nd House: a negative impact of (\$3,139,963) 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	(\$718,118)
2009	(\$2,421,845)
2010	(\$2,527,878)
2011	(\$2,608,186)
2012	\$0

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 2007
2008	(\$718,118)	\$0	39.8
2009	(\$2,491,465)	\$69,620	39.8
2010	(\$2,599,773)	\$71,895	41.1
2011	(\$2,682,442)	\$74,256	42.4
2012	\$0	\$0	0.0

Fiscal Analysis

The bill would require the executive commissioner of the Health and Human Services Commission to develop and implement a pilot program to license boarding houses, subject to the appropriation of funds for the express purpose of implementing the pilot. The provision would expire September 1, 2011.

Boarding house is defined as an establishment that provides services, including community meals, light housework, meal preparation, transportation, grocery shopping, money management or laundry services to three or more elderly or disabled persons who are unrelated to the proprietor. The definition excludes entities that are currently licensed by the Department of Aging and Disability Services (DADS), entities that are exempted from licensure by DADS (Home and Community-based Services Program providers); child-care facilities; family violence centers; hotels; retirement communities; monasteries; convents; and sororities, fraternities and dormitories affiliated with an

institution of higher learning.

Methodology

The bill provides for one pilot project in a municipality or county. DADS assumed a major metropolitan area would be the most likely to adopt such an ordinance and used Dallas as a proxy to develop the fiscal impact. To develop a rough estimate of the number of boarding houses that would need to be licensed in a pilot project, DADS considered homes that were registered by local authorities in El Paso but are not regulated by the state.

According to the DADS estimate the ratio of the number of group homes registered by the City of El Paso (100) compared to the number of assisted living facilities (ALF) in El Paso licensed by the state (46) is 2.17. Multiplying the statewide number of licensed ALFs (1,445) by that ratio yields 3,141. DADS then applied the historical annual growth rate in the number of assisted living facilities of 3.27 percent. Since Dallas represents approximately 10.5 percent of the population in the state, DADS multiplied that number by 10.5 percent, resulting in a projected number of boarding houses of 85 for FY 2008, 341 for FY 2009, 352 for FY 2010, and 363 for FY 2011.

DADS assumed that the administrative costs incurred would most closely resemble the annual regulatory costs per boarding house that DADS is currently experiencing for the ICF/MR program, since that program has a high concentration of small facilities. Annual costs/FTEs per ICF/MR facility according to DADS are: \$4,197.56 for salary, \$520.42 for travel, 0.095 FTEs per facility. In addition to these costs, DADS included first year "set-up" costs, as well as standard recurring direct and indirect overhead costs, and fringe.

DADS also assumed that the pilot would not be implemented until June 1, 2008 at the earliest. This would allow time for program development, including rules, policies and procedures, notification to providers of new licensing requirements, and the hiring and training of staff.

Local Government Impact

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

Source Agencies: 302 Office of the Attorney General, 529 Health and Human Services Commission, 539 Aging and Disability Services, Department of

LBB Staff: JOB, CL, PP, ML, KJG