

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 4, 2007

TO: Honorable Patrick M. Rose, Chair, House Committee on Human Services

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

IN RE: HB1654 by Riddle (Relating to the registration of certain assisted living facilities.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB1654, As Introduced: a negative impact of (\$8,051,352) through the biennium ending August 31, 2009.

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
2008	(\$4,213,636)
2009	(\$3,837,716)
2010	(\$4,330,586)
2011	(\$4,426,886)
2012	(\$4,285,586)

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	(\$4,338,636)	\$125,000	60.0
2009	(\$3,843,016)	\$5,300	60.0
2010	(\$4,465,586)	\$135,000	69.2
2011	(\$4,432,586)	\$5,700	69.2
2012	(\$4,432,586)	\$147,000	69.2

Fiscal Analysis

The bill would amend Chapter 247, the Health & Safety Code by adding Section 247.033 requiring facilities that provide personal care services to three or fewer people who are unrelated to the owner to register with Department of Aging and Disability Services (DADS), pay a registration fee of \$100 and be subject to inspection and monitoring by DADS. DADS may deny, suspend or revoke registration if the facility violates Chapter 247 or a rule adopted under the chapter. The registration would be valid for two years. Under the bill facilities would not need to register with DADS until September 1, 2008.

Methodology

DADS based the cost estimate on a pilot project from fiscal year 2000 to fiscal year 2003 that sought to identify unlicensed facilities. An unduplicated count of 197 establishments were providing personal care services to three or fewer persons in three areas of the state that were added to the pilot in 2003. The total population in the counties was approximately 17 percent of the statewide population. DADS extrapolated the ratio statewide to yield an estimated 1,161 facilities for 2003. Based on population growth from 2003 to 2007, DADS estimated the current number of establishments serving three or fewer persons to be 1,250. DADS assumed a growth rate of 3.27 percent per year in the number of facilities from FY 2008-2012.

DADS assumed that one half of the facilities would register in the first year, and the remaining half in the second year. Based on the number of facilities with 1-3 beds, the expected number of registrations per year, and based on the present relationship between the number of all facilities and the number of licensing staff, DADS estimated 1.7 FTEs would be needed for licensing for each year. DADS estimated that for surveying, the allocations would be 58.3 FTEs for the fiscal years 2008 and 2009 and 67.5 for 2010 through 2012. DADS indicated that the FTEs were derived from the standard times (in hours) needed to perform the surveyor licensing, re-licensing, complaint/incidents, and follow-up functions.

Technology

DADS indicated that implementation of the provisions of the bill would require the creation of a new facility type in the Compliance Assessment, Regulatory and Enforcement Systems system, modification of the Central Data Repository (610 hours), and a new application in the Web Assessable Facility Enrollment (2,800 hours) to create and print the required registration. At an assumed cost of \$82 per hour, DADS estimated the technology cost to be \$279,620 in General Revenue Funds.

Local Government Impact

No fiscal implication to units of local government is anticipated.

However, operation of an unregistered facility or violation of a rule adopted under this section could result in enforcement actions. The actions are provided in Subchapter C of Chapter 247 and could involve injunction or civil penalty actions by the Attorney General or local prosecuting attorney, emergency suspension or closing orders, and administrative penalties.

Source Agencies: 539 Aging and Disability Services, Department of

LBB Staff: JOB, CL, PP, ML