

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 29, 2013

TO: Honorable Lois W. Kolkhorst, Chair, House Committee on Public Health

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2887** by Davis, John (Relating to the establishment and expansion of community collaboratives by entities to provide services to and coordinate the care of persons who are homeless, persons with mental illness, and persons with substance abuse problems.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2887, Committee Report 1st House, Substituted: a negative impact of (\$25,503,849) through the biennium ending August 31, 2015.

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 |
|--------------------|---|
| 2014 | (\$12,712,031) |
| 2015 | (\$12,791,818) |
| 2016 | (\$12,792,133) |
| 2017 | (\$12,792,460) |
| 2018 | (\$12,792,795) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from General Revenue Fund |
|--------------------|--|
| | 1 |
| 2014 | (\$12,712,031) |
| 2015 | (\$12,791,818) |
| 2016 | (\$12,792,133) |
| 2017 | (\$12,792,460) |
| 2018 | (\$12,792,795) |

Fiscal Analysis

The bill would amend the Government Code and would require the Department of State Health

Services (DSHS) to make grants to entities to establish or expand community collaboratives to provide services to and coordinate the care of persons who are homeless, persons with mental illness, and persons with substance abuse problems. The bill would require the grants to be limited to at most \$7.5 million and would require the entity to provide an equal amount of money for the project; however, the collaborative must be self-sustaining after seven years. The bill would require each collaborative to select four specific outcome measures, which would be evaluated annually by an independent third party contracted by DSHS. The bill would also require DSHS to establish a process to reduce or cease providing funds to an entity if the community collaborative does not meet the selected outcome measures or is not self-sustaining after seven years.

Methodology

It is assumed that the bill would cost \$12,500,000 in General Revenue each fiscal year to fund two grants to entities to develop or expand community collaboratives. DSHS could fund more grants at a lower level per entity, for the same cost. It is also assumed that the cost to contract with the independent third party to evaluate the outcome measures will be \$50,000 in fiscal year 2015 and each subsequent year.

To implement the provisions of the legislation, DSHS anticipates needing 2.5 additional FTEs, to be hired in the second quarter of fiscal year 2014. The agency can absorb the additional FTE authority within its existing FTE cap. The additional FTEs would cost \$115,059 in salary and wages and \$34,218 in benefits in fiscal year 2014 and \$153,028 in salary and wages and \$45,510 in benefits in each subsequent year. The other operating expenses and travel costs associated with the FTEs are estimated to be \$45,645 in fiscal year 2014 and \$26,353 in fiscal year 2015. The associated Health and Human Services Commission enterprise cost is estimated to be \$17,109 in fiscal year 2014 and \$16,927 in fiscal year 2015.

Local Government Impact

The bill would grant funds to local entities, not to exceed \$7.5 million each and required to be equally matched with private funds, to establish or expand community collaboratives. New funding to local governments would vary depending on grant approval and the amount of a given grant.

Source Agencies: 537 State Health Services, Department of

LBB Staff: UP, CL, MB, CH, KKR, LR, NB