

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 9, 2017

TO: Honorable Charles Schwertner, Chair, Senate Committee on Health & Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB13 by Price (Relating to the creation of a matching grant program to support community mental health programs for individuals experiencing mental illness.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB13, As Engrossed: a negative impact of (\$20,000,000) through the biennium ending August 31, 2019.

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
2018	(\$10,000,000)
2019	(\$10,000,000)
2020	(\$10,000,000)
2021	(\$10,000,000)
2022	(\$10,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund
	1
2018	(\$10,000,000)
2019	(\$10,000,000)
2020	(\$10,000,000)
2021	(\$10,000,000)
2022	(\$10,000,000)

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to establish a matching grant program to support community mental health programs. A nonprofit or other private entity would serve as administrator of the program.

The bill would require HHSC to develop criteria for evaluating applications and proposals and selecting grant recipients; approve grant requirements; and disperse grant funding. The bill would also require HHSC to submit an annual report to the governor, the lieutenant governor, and each member of the legislature evaluating the success of the program. The executive commissioner would be required to adopt rules necessary to implement provisions of the bill. The bill would take effect immediately upon receiving a two-thirds majority vote of both houses. Otherwise, the bill would take effect September 1, 2017.

Methodology

It is assumed that the grant program would provide grants totaling \$10.0 million each fiscal year, beginning in fiscal year 2018. The grant program would be limited to funds specifically appropriated to establish it; therefore, the cost could be more or less depending on the level of appropriations provided. Additionally, expenditures for the program could be limited based on the availability of local matching funds as required by the bill. It is assumed any cost related to the grant program other than the funds disbursed through the program could be absorbed within the available resources of the department.

There are 254 counties in Texas. The bill requires a different level of matching local funds based on county size and allocates specific percentages of available funding based on county size. Five percent must be made available to counties with a population of 125,000 or less; 25 percent must be made available to counties with a population of more than 125,000 and not more than 250,000; and the remaining 70 percent of funding could be distributed to any county. Based on 2015 data from the US Census Bureau, there are 20 counties with a population exceeding 250,000; 15 counties with a population exceeding 125,000 but not more than 250,000; and the remaining 219 counties have a population of 125,000 or less. It is assumed that those 219 smaller counties would have less ability to identify matching funds and that 25 of the counties would identify matching funds averaging \$20,000 to draw a total of \$500,000 in state funds through the grant program, which requires equal match for the smallest counties. The 15 mid-size counties would need to identify an average of \$191,667 in matching funds to draw a total of \$2.5 million in state funds through the grant program, which requires 115 percent match for counties of that size. The matching rate for the remaining 20 counties would be 125 percent for the eight counties with population of more than 250,000 but not more than 500,000; 150 percent for the seven counties with population of more than 500,000 but not more than one million; and 167 percent for the five counties with population of more than one million. The matching rate for a grant to a program established in more than one county would be equal to the matching rate required by the bill for the largest county in which the program is located. It is assumed the remaining \$7.0 million in state funding would be distributed amongst these 20 counties with the five largest counties able to identify an average of \$1.0 million each to draw approximately \$3.0 million in state funding and the remaining counties able to identify an average of \$300,000 to \$400,000 to draw the remaining \$4.0 million in state funding. The bill would require HHSC to make available remaining state funds after grant recipients are selected available on a competitive basis without regard to the size of the county.

Local Government Impact

According to the Texas Municipal League, the fiscal impact to cities cannot be determined because it is unknown how much money would be available for grants.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: UP, KCA, MDI, JGA, LR, JBi