

BILL ANALYSIS

C.S.H.B. 1747
By: Campos
Public Health
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that the COVID-19 pandemic has highlighted many opportunities to improve critical public health support systems in Texas, specifically mental health, substance use, and public health, which would benefit from greater intentional coordination in providing services. The bill author has also informed the committee that these overlapping sectors are currently strained to meet their responsibilities due to shared limitations and that the sectors are typically managed separately, limiting the impact they can have on improving population health, despite the understanding that human experience cuts across these systems. C.S.H.B. 1747 seeks to create a framework to drive greater collaboration between substance, mental health, and public health sectors in critical areas of funding, data interoperability, and workforce training by establishing the mental health, substance use, and public health initiative council to ensure that money allocated to the initiative trust fund created under the bill is allocated fairly and spent to improve the coordination among those sectors.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the mental health, substance use, and public health initiative council in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 1747 amends the Government Code to establish the mental health, substance use, and public health initiative council to ensure that money allocated to the mental health, substance use, and public health initiative trust fund is allocated fairly and spent to improve the coordination between mental health, substance use, and public health care services in Texas. The bill establishes the composition of the 14-member council as follows:

- one member appointed by the governor who is a current or retired health care operations professional with 10 or more years of experience in matters of mental health, substance use, and public health;
- one member appointed by the lieutenant governor who is a current or retired health care operations professional with such experience;
- one member appointed by the speaker of the house of representatives who is a current or retired health care operations professional with such experience;
- three members appointed by the executive commissioner of the Health and Human Services Commission (HHSC) who are from academia or the medical profession and have significant experience in matters of mental health, substance use, and public health;
- seven members appointed by the executive commissioner of HHSC as follows:
 - one member who is a current or former employee of a rural hospital district;

- one member who is a current or former employee of a local health authority;
- one member who is a current or former employee of a local mental health authority as defined by the Health and Safety Code;
- one member who is a current or former employee of a federally qualified health center in Texas;
- one member who has lived experience with a mental health condition or substance abuse condition; and
- two members with at least 10 years of experience working with a health philanthropy nonprofit organization or foundation; and
- the executive commissioner or the executive commissioner's designee.

The bill requires the appointing authorities, as soon as practicable after the bill's effective date, to appoint the members of the council.

C.S.H.B. 1747 establishes that the comptroller of public accounts or the comptroller's designee serves as the presiding officer of the council and is a nonvoting member. The bill requires the executive commissioner of HHSC, in making the appointments for the three members who are from academia or the medical profession, to appoint members from lists provided by the governing bodies of six rural counties and six rural municipalities selected by the executive commissioner with each list naming two qualified candidates with experience in substance use treatment, education, and research. The bill requires the governor, lieutenant governor, and speaker, in making their applicable appointments, to coordinate to ensure that the membership of the council reflects, to the extent possible, the ethnic and geographic diversity of Texas. The council is administratively attached to the Department of State Health Services (DSHS). The bill requires DSHS to provide the staff and facilities necessary to assist the council in performing its duties. The council is subject to state open meeting laws. The bill establishes that a decision by the council to award a grant requires the unanimous approval of all members of the council.

C.S.H.B. 1747 establishes the mental health, substance use, and public health initiative trust fund outside the state treasury for the purposes of the bill's provisions to be administered by DSHS. The trust fund is not a part of the state's general funds. The bill establishes that the fund is held and invested by the Texas Treasury Safekeeping Trust Company, which may authorize money from the fund to be invested with money from the state treasury and establish separate accounts in the fund. The fund consists of the following components:

- an initial appropriation of money by the legislature to the fund as permanent principal for the fund;
- any additional legislative appropriations of money for the purposes of the fund;
- interest or other earnings on money credited to or allocable to the fund; and
- money from gifts, grants, or donations to the fund.

C.S.H.B. 1747 does the following with respect to the trust fund:

- restricts the use of money initially appropriated by the legislature as permanent principal for the fund to use for the bill's purposes;
- authorizes money in the fund to be used to provide grants in accordance with the council's grant program and to pay the trust company's expenses of managing the fund's assets;
- authorizes the trust company, in managing the assets of the fund, through procedures and subject to restrictions the trust company considers appropriate, to acquire, exchange, sell, supervise, manage, or retain any kind of investment that a prudent investor, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment;
- requires the trust company to:
 - adopt a written investment policy and a distribution policy appropriate for the fund;
 - disburse money from the fund as directed by the council; and

- annually provide to the council a written report on the investments of the fund;
- requires the council to annually provide to the trust company a forecast of the cash flows into and out of the fund and to provide updates to the forecast as appropriate to ensure the trust company is able to achieve the bill's purposes; and
- authorizes the trust company to appoint one or more commercial banks, depository trust companies, or other similar entities to serve as the custodian of the fund.

The bill requires the council, not later than October 1 of each year, to submit a written report to the legislature detailing all expenditures made by the council during the preceding state fiscal year and detailing any amount of money greater than the initial appropriation of permanent principal by the legislature that is held in the fund.

C.S.H.B. 1747 requires the council to establish a grant program to award grants for programs that improve the coordination between mental health, substance use, and public health care services in Texas providing services to individuals with co-occurring mental health and substance use disorders. A program funded through a grant awarded under the grant program must improve the coordination between mental health, substance use, and public health care services in Texas through the following:

- evidence-based preventative or therapeutic measures, research, the implementation of new technology, data collection, education programs, or capital improvements; and
- providing an efficient and cost-effective method directed to support the coordination of personnel, capital improvements, data interoperability, or long-term financial sustainability of mental health care, substance use treatment, and public health care providers.

C.S.H.B. 1747 requires the mental health, substance use, and public health initiative council to do the following:

- annually establish procedures for submitting, accepting, and evaluating grant applications under the bill's provisions;
- evaluate grant applications, in coordination with the statewide behavioral health coordinating council, at least biennially; and
- adopt rules to implement the bill's provisions.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 1747 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the introduced included the comptroller or the comptroller's designee among the members of the 14-member council, the substitute includes the executive commissioner of HHSC or the executive commissioner's designee.

Both the introduced and the substitute establish the mental health, substance use, and public health initiative trust fund outside the state treasury for the purposes of the bill's provisions. However, the introduced and substitute differ in relation to the fund as follows:

- the substitute specifies that the trust fund is to be administered by the DSHS, whereas the introduced did not;
- the introduced established that the fund is administered by the Texas Treasury Safekeeping Trust Company, whereas the substitute establishes that the fund is held and invested by the trust company;

- whereas the introduced authorized the trust company to establish accounts in the fund to facilitate the administration of money in the fund, the substitute authorizes the trust company to establish separate accounts in the fund;
- whereas the introduced prohibits the money initially appropriated by the legislature as permanent principal for the fund from being used for any purpose other than to gain interest or other investment earnings, the substitute limits the money initially appropriated by the legislature as permanent principal for the fund to be used only for the bill's purposes; and
- whereas the introduced restricts the use of money in the fund gained as interest or other earnings on the investment of the permanent principal of the fund to providing grants in accordance with the council's grant program and to paying the necessary and reasonable expenses of administering the fund, the substitute authorizes the money deposited in the fund to be used to provide grants in accordance with the council's grant program and to pay the trust company's expenses of managing the fund's assets.

The substitute omits the introduced version's provisions requiring the trust company, in making investments of money in the fund, to exercise the judgment and care under the circumstances then prevailing that a person of ordinary prudence, discretion, and intelligence exercises in the management of the person's own affairs, and instead authorizes the trust company, in managing the assets of the fund, through procedures and subject to restrictions the trust company considers appropriate, to acquire, exchange, sell, supervise, manage, or retain any kind of investment that a prudent investor, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

The substitute includes provisions absent from the introduced that do the following:

- require the trust company to:
 - adopt a written investment policy and a distribution policy appropriate for the fund;
 - disburse money from the fund as directed by the council; and
 - annually provide to the council a written report on the investments of the fund;
- define "trust company"; and
- require the council to annually provide to the trust company a forecast of the cash flows into and out of the fund and to provide updates to the forecast as appropriate to ensure the trust company is able to achieve the bill's purposes.

Whereas the introduced requires the trust company, not later than October 1 of each year, to submit a written report to the legislature detailing all expenditures made by the council during the preceding state fiscal year and detailing any amount of money greater than the initial appropriation of permanent principal by the legislature that is held in the fund, the substitute requires the council to do so.