

SUBJECT:	Requiring an audit for state-funded homelessness programs
COMMITTEE:	State Affairs — favorable, without amendment
VOTE:	8 ayes — Hunter, Dean, Geren, Guillen, Metcalf, Slawson, Smithee, Spiller 2 nays — S. Thompson, Turner 3 absent — Hernandez, Anchía, Raymond
SENATE VOTE:	On final passage (May 8) — 31 - 0
WITNESSES:	For — Lisa Hugman; Cleo Petricek (<i>Registered, but did not testify</i> : Mindy Ellmer, Haven for Hope; Hannah Gill, NAMI Texas; Jose Melendez, Texas Public Policy Foundation) Against — Eric Samuels, Texas Homeless Network; Mark Smith, The Coalition for the Homeless of Houston/Harris County (<i>Registered, but did not testify</i> : TJ Patterson, City of Fort Worth; Tanya Lavelle, Disability Rights Texas; Walter Moreau, Foundation Communities; Paul Sugg, Harris County Commissioners Court; Ben Martin, Texas Housers)
BACKGROUND:	Some have suggested that establishing a process for efficiency audits of state programs aimed at helping the homeless population could increase the effectiveness of such programs and ensure compliance with program requirements.
DIGEST:	SB 1803 would require the state auditor, in each even-numbered year, to require an audit regarding the effectiveness and efficiency of all homelessness services that were provided by the Texas Department of Housing and Community Affairs, the Health and Human Services Commission, the Department of Family and Protective Services, the Texas Education Agency, the Texas Workforce Commission, the Texas Veterans Commission, the Texas Department of Criminal Justice, and any other state agency selected by the state auditor.

The audit would be required to be conducted starting in 2026. These provisions would expire January 1, 2027.

By March 1 of the year an audit was required, the state auditor would be required to engage an independent external auditor to conduct the audit. The external auditor could not be under the direction of any agency subject to the audit. The state auditor would be required to supervise the external auditor to ensure that the audit was conducted in accordance with the requirements of the bill.

The audit would be required to:

- examine all state resources used in providing services to homeless individuals, including financial resources, employees, and infrastructure;
- assess the effectiveness and efficiency of the agencies being audited, their programs, and participating community service providers in helping homeless individuals advance toward self-sufficiency, including an assessment of various beneficiary statistics listed in the bill;
- make recommendations for eliminating poorly performing programs, consolidating overlapping programs, ending contractual or funding relationships with poorly performing community service providers, and reallocating state resources to ensure that the outcomes related to the statistics in the assessment were achieved in the most effective and economical manner; and
- based on the effectiveness at achieving such outcomes, rate each applicable agency, program, or community service provider as "unsatisfactory," "satisfactory," or "exemplary."

Within 90 days after the date the auditor was engaged, the external auditor would be required to complete the audit and present its results and recommendations to the state auditor and the heads of the agencies subject to the audit. By November 1 of the year the audit was completed, the state auditor would be required to prepare and submit to the governor, the

speaker of the House, the lieutenant governor, and the Legislative Budget Board a report on the audit and recommendations for improvement in the agencies, programs, and community service providers assessed.

The bill would require the full audit and state auditor's report to be published on the state auditor's website. The audit would be paid for with existing resources allocated for the purpose of the audit.

The bill would take effect September 1, 2023.