

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 11, 2003

TO: Honorable Teel Bivins, Chair, Senate Committee on Finance

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB7 by Heflin (Relating to making supplemental appropriations and making reductions in current appropriations.), As Engrossed

Estimated Two-year Net Impact to General Revenue Related Funds for HB7, As Engrossed: a positive impact of \$1,278,219,000 through the biennium ending August 31, 2005.

Appropriations:

Fiscal Year	Appropriation out of GENERAL REVENUE FUND Reductions 1	Appropriation out of AVAILABLE SCHOOL FUND 2	Appropriation out of STATE TEXTBOOK FUND 3	Appropriation out of ECON STABILIZATION FUND 8065
2003	(\$948,911,000)	(\$3,092,000)	(\$109,198,000)	\$500,000,000
2004	(\$189,782,000)	(\$618,000)	(\$21,840,000)	\$295,000,000
2005	\$0	\$0	\$0	\$0

Fiscal Year	Appropriation out of TELECOMMUNICATIONS INFRA FUND 8345	Appropriation out of All Affected General Revenue Dedicated Accounts
2003	\$142,400,000	(\$79,331,000)
2004		(\$239,866,000)
2005		\$0

General Revenue-Related Funds, Six-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2003	\$1,065,979,000
2004	\$212,240,000
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1	Probable Savings/ (Cost) from GENERAL REVENUE FUND 1	Probable Savings/ (Cost) from AVAILABLE SCHOOL FUND 2	Probable Savings/ (Cost) from STATE TEXTBOOK FUND 3
2003	\$4,778,000	\$948,911,000	\$3,092,000	\$109,198,000
2004	\$0	\$189,782,000	\$618,000	\$21,840,000
2005	\$0	\$0	\$0	\$0
2006	\$0	\$0	\$0	\$0
2007	\$0	\$0	\$0	\$0
2008	\$0	\$0	\$0	\$0

Fiscal Year	Probable Revenue Gain/(Loss) from ECON STABILIZATION FUND 8065	Probable Savings/ (Cost) from ECON STABILIZATION FUND 8065	Probable Revenue Gain/(Loss) from Texas Enterprise Fund	Probable Savings/(Cost) from TELECOMMUNICATIONS INFRA FUND 8345
2003	\$0	(\$500,000,000)	\$0	(\$142,400,000)
2004	(\$14,027,000)	(\$295,000,000)	\$295,000,000	\$0
2005	(\$17,210,000)	\$0	\$0	\$0
2006	(\$17,488,000)	\$0	\$0	\$0
2007	(\$17,770,000)	\$0	\$0	\$0
2008	(\$18,056,000)	\$0	\$0	\$0

Fiscal Year	Probable Savings/ (Cost) from All Affected General Revenue Dedicated Accounts
2003	\$79,331,000
2004	\$239,866,000
2005	\$0
2006	\$0
2007	\$0
2008	\$0

Fiscal Analysis

The bill would make supplemental fiscal 2003 appropriations from the Economic Stabilization Fund. The bill would make appropriations from the Telecommunications Infrastructure Fund for fiscal year 2003. The bill would appropriate \$295 million from the Economic Stabilization Fund to the Texas Enterprise Fund when the fund is created, contingent on the passage of legislation.

The bill would appropriate \$460.3 million to the Texas Health and Human Services Commission (HHSC) for Medicaid acute care costs provided that: Medicaid expenditures exceeded available revenue due to increased caseloads or a lower federal match rate; and, HHSC had used all revenue available and appropriated to the Medicaid program, including premium credits and vendor drug rebates. The bill would appropriate \$26.4 million to HHSC for the Children's Health Insurance Program. The bill would appropriate \$6.9 million to the Texas Department of Health for Texas Health Steps and the Medical Transportation Program. The bill would appropriate \$6.4 million to the Department of Human Services for disaster assistance payments. The bill would appropriate \$26.4 million to the Department of Human Services for the Texas Integrated Eligibility Redesign System and \$116 million to the Texas Education Agency for the technology allotment, contingent on the passage of legislation, from the general revenue dedicated telecommunications infrastructure fund.

The bill would require appropriation reductions of \$1,273.4 million in General Revenue-Related funds and accounts and \$319.1 million in General Revenue-Dedicated accounts.

The bill would require that all receipts from the sale of surplus and other property, under the

provisions of Chapter 2175, Government Code, during fiscal year 2003 be deposited to undedicated general revenue.

The bill would take effect immediately upon enactment.

Methodology

Estimates were based on the provisions of the bill and the Comptroller's *2004-05 Biennial Revenue Estimate*. Except for the telecommunications infrastructure savings, which would occur entirely in fiscal 2004, the majority (5/6) of the savings, based on historical spending patterns and for cash flow purposes, would occur in fiscal 2003; the remaining 1/6 would occur in fiscal 2004. Supplemental appropriations from the Economic Stabilization Fund to HHSC and the Department of Health are made in fiscal year 2003, as are appropriations from the Telecommunications Infrastructure Fund. Appropriations to the Texas Enterprise Fund are made in fiscal 2004 based on the assumption that the fund will be created effective 9/1/03.

The revenue loss to the Economic Stabilization Fund in fiscal year 2004 and beyond results from lower interest earnings due to the appropriation and contingent appropriation of \$795 million. Any interest earnings deposited to the Texas Enterprise Fund are not reflected above since the level of interest earnings depends on the payout of the Texas Enterprise Fund. The revenue gain to general revenue is based on the Texas Building and Procurement's estimate of the amount that will be deposited to general revenue from fiscal year 2003 proceeds from the sale of surplus property; there will be offsetting losses to various funds used by state agencies in the same amount as the gain to general revenue.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 303 Building and Procurement Commission, 304 Comptroller of Public Accounts, 405 Department of Public Safety, 601 Department of Transportation, 696 Department of Criminal Justice, 802 Parks and Wildlife Department

LBB Staff: JK, AD, JO, SD, WP