

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 31, 2003**

**TO:** Honorable David Dewhurst , Lieutenant Governor, Senate  
 Honorable Tom Craddick, Speaker of the House, House of Representatives

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB7** by Heflin (Relating to making supplemental appropriations and making reductions in current appropriations.), **Conference Committee Report**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB7, Conference Committee Report: a positive impact of \$1,271,170,000 through the biennium ending August 31, 2005.

**Appropriations:**

Fiscal Year	Appropriation out of <i>GENERAL REVENUE</i> <i>FUND Reductions</i> <b>1</b>	Appropriation out of <i>AVAILABLE SCHOOL</i> <i>FUND</i> <b>2</b>	Appropriation out of <i>STATE TEXTBOOK</i> <i>FUND</i> <b>3</b>	Appropriation out of <i>ECON</i> <i>STABILIZATION</i> <i>FUND</i> <b>8065</b>
2003	(\$1,135,422,000)	(\$3,710,000)	(\$131,038,000)	\$449,530,000
2004	\$1,500,000	\$0	\$0	\$811,000,000
2005	\$0	\$0	\$0	\$0

Fiscal Year	Appropriation out of <i>TELECOMMUNICATIONS</i> <i>INFRA FUND</i> <b>8345</b>	Appropriation out of <i>All Affected General</i> <i>Revenue Dedicated</i> <i>Accounts</i>	Appropriation out of <i>QUALITY</i> <i>ASSURANCE</i> <b>5080</b>
2003	\$142,400,000	(\$319,197,000)	\$11,140,000
2004	\$0	\$0	\$0
2005	\$0	\$0	\$0

**General Revenue-Related Funds, Six-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2003	\$1,060,975,000
2004	\$210,195,000
2005	\$0
2006	\$0
2007	\$0
2008	\$0

**All Funds, Six-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1</b>	<b>Probable Savings/(Cost) from GENERAL REVENUE FUND 1</b>	<b>Probable Savings/(Cost) from AVAILABLE SCHOOL FUND 2</b>	<b>Probable Savings/(Cost) from STATE TEXTBOOK FUND 3</b>
2003	\$2,500,000	\$946,185,000	\$3,092,000	\$109,198,000
2004	\$0	\$187,737,000	\$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

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from ECON STABILIZATION FUND 8065</b>	<b>Probable Savings/(Cost) from ECON STABILIZATION FUND 8065</b>	<b>Probable Savings/(Cost) from TELECOMMUNICATIONS INFRA FUND 8345</b>	<b>Probable Savings/(Cost) from All Affected General Revenue Dedicated Accounts</b>
2003	\$0	(\$449,530,000)	(\$142,400,000)	\$79,331,000
2004	(\$10,064,000)	(\$811,000,000)	\$0	\$239,866,000
2005	(\$22,566,000)	\$0	\$0	\$0
2006	(\$23,885,000)	\$0	\$0	\$0
2007	(\$24,287,000)	\$0	\$0	\$0
2008	(\$24,679,000)	\$0	\$0	\$0

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from QUALITY ASSURANCE FUND 5080</b>	<b>Probable Revenue Gain/(Loss) from Texas Enterprise Fund</b>
2003	(\$11,139,625)	\$0
2004	\$0	\$295,000,000
2005	\$0	\$0
2006	\$0	\$0
2007	\$0	\$0
2008	\$0	\$0

**Fiscal Analysis**

The bill would make supplemental fiscal 2003, 2004 and 2005 appropriations from the Economic Stabilization Fund. The bill would make appropriations from the Telecommunications Infrastructure Fund for fiscal year 2003. This bill would make an appropriation from the Quality Assurance Fund for fiscal year 2003 and would make an appropriation from general revenue for fiscal year 2004 and 2005.

The bill would appropriate the following amounts from the Economic Stabilization Fund: \$406.7 million to the Texas Health and Human Services Commission (HHSC) for Medicaid acute care costs; \$26.4 million to HHSC for the Children's Health Insurance Program; \$6.9 million to the Texas Department of Health for Texas Health Steps and the Medical Transportation Program; \$6.4 million to the Department of Human Services for disaster assistance payments; \$516 million to the Teacher Retirement System for TRS-Care; \$3 million to the Fiscal Program - Comptroller of Public Accounts for payment of a healthcare judgment; \$295 million for the Texas Enterprise Fund, contingent on the passage of legislation; and \$44,000 for to the State Commission on Judicial Conduct for conducting misconduct proceedings.

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.

This bill would appropriate \$11.1 million from the Quality Assurance Fund to the Department of Mental Health and Mental Retardation for the purpose of providing operating funds to state-operated facilities that are necessary to fund the state's portion of the quality assurance fee, contingent on the passage of legislation.

This bill would appropriate \$1.5 million from General Revenue to the University of Texas Health Science Center at Houston for reimbursement for debt service paid for bonds, contingent on legislation that authorizes the issuance of revenue bonds.

The bill would require appropriation reductions of \$1,270.1 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 are made in state fiscal year 2003 and the state fiscal biennium beginning September 1, 2003; it is assumed that the Texas Enterprise fund is created on September 1, 2003.

The cost to the Telecommunications Infrastructure Fund of \$116 million would be contingent on other legislation passing. If the legislation did not pass, \$116 in general revenue-related savings would not occur. The appropriations from the Quality Assurance Fund of \$11.1 million and General Revenue of \$1.5 million are contingent on legislation passing.

The revenue loss to the Economic Stabilization Fund in fiscal year 2004 and beyond results from lower interest earnings due to the appropriation of \$1.26 billion. The revenue gain to general revenue is based on the Comptroller'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. The revenue gain to the Texas Enterprise Fund assumes the creation of the fund in fiscal year 2004.

### **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