

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 14, 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.), Committee Report 2nd House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB7, Committee Report 2nd House, Substituted: a positive impact of \$1,272,689,773 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	(\$1,135,442,000)	(\$3,710,000)	(\$131,038,000)	\$573,486,000
2004	\$0	\$0	\$0	\$514,508,000
2005	\$0	\$0	\$0	\$12,391,321

Fiscal Year	Appropriation out of TELECOMMUNICATIONS INFRA FUND 8345	Appropriation out of All Affected General Revenue Dedicated Accounts	Appropriation out of QUALITY ASSURANCE 5080
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	\$1,060,991,773
2004	\$211,698,000
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Savings/ (Cost) from <i>AVAILABLE SCHOOL FUND</i> 2	Probable Savings/ (Cost) from <i>STATE TEXTBOOK FUND</i> 3
2003	\$2,500,000	\$946,201,773	\$3,092,000	\$109,198,000
2004	\$0	\$189,240,000	\$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 <i>ECON STABILIZATION FUND</i> 8065	Probable Savings/ (Cost) from <i>ECON STABILIZATION FUND</i> 8065	Probable Savings/(Cost) from <i>TELECOMMUNICATIONS INFRA FUND</i> 8345	Probable Savings/ (Cost) from <i>All Affected General Revenue Dedicated Accounts</i>
2003	(\$10,064,000)	(\$573,486,000)	(\$142,400,000)	\$79,331,000
2004	(\$22,566,000)	(\$514,508,000)	\$0	\$239,866,000
2005	(\$23,885,000)	(\$12,391,321)	\$0	\$0
2006	(\$24,287,000)	\$0	\$0	\$0
2007	(\$24,679,000)	\$0	\$0	\$0
2008	\$0	\$0	\$0	\$0

Fiscal Year	Probable Savings/ (Cost) from <i>QUALITY ASSURANCE</i> 5080
2003	(\$11,139,625)
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$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 appropriations from the Quality Assurance Fund for fiscal year 2003.

The bill would appropriate the following amounts from the Economic Stabilization Fund: \$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; \$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; \$450 million to the Teacher Retirement System for TRS-Care; \$35 million to the University of Texas Health Science Center at Houston for repairs related to Tropical Storm Allison; \$25 million for the University of House for maintenance deferred due to Tropical Storm Allison; \$3 million to the Fiscal Program - Comptroller of Public Accounts for payment of a healthcare judgment; \$10.5 million to the Texas Forest Service for repaying the federal government for expenses related to forest fires; \$22.9 million to the University of Texas Health Science Center at San Antonio for operational costs at the Regional Academic Health Center in Harlingen, Laredo Campus Extension, and research component in Edinburg; \$4 million to the Texas Tech Health Science Center for operating costs for Texas Tech Health Science Center at El Paso; and

\$50 million to the Department of Human Services for the Texas Integrated Eligibility Redesign System.

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.

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. All appropriations except from the Economic Stabilization Fund are made in state fiscal year 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 revenue loss to the Economic Stabilization Fund in fiscal year 2004 and beyond results from lower interest earnings due to the appropriation of \$1.1 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.

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