

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATURE 3rd CALLED SESSION - 2006

April 24, 2006

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: SB16 by Ogden (Relating to supplemental state appropriations.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB16, As Introduced: a negative impact of (\$1,659,302,888) through the biennium ending August 31, 2007.

Appropriations:

Fiscal Year	Appropriation out of <i>GENERAL REVENUE</i> <i>FUND</i> 1	Appropriation out of <i>FOUNDATION</i> <i>SCHOOL FUND</i> 193	Appropriation out of <i>Mental Health</i> <i>Medicare</i> <i>Reimbursements 3634</i>	Appropriation out of <i>FEDERAL FUNDS</i>
2006	\$575,644,942	\$188,000,000	\$3,700,000	\$355,300,000
2007	\$725,657,946	\$170,000,000	\$4,000,000	\$929,331,979

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$763,644,942)
2007	(\$895,657,946)
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>FOUNDATION</i> <i>SCHOOL FUND</i> 193	Probable (Cost) from <i>Mental Health</i> <i>Medicare</i> <i>Reimbursements 3634</i>	Probable (Cost) from <i>FEDERAL FUNDS</i>
2006	(\$575,644,942)	(\$188,000,000)	(\$3,700,000)	(\$355,300,000)
2007	(\$725,657,946)	(\$170,000,000)	(\$4,000,000)	(\$929,331,979)
2008	\$0	\$0	\$0	\$0
2009	\$0	\$0	\$0	\$0
2010	\$0	\$0	\$0	\$0

Fiscal Year	Change in Number of State Employees from FY 2005
2006	851.0
2007	1,361.0
2008	0.0
2009	0.0
2010	0.0

Fiscal Analysis

The bill would make the following supplemental appropriations for Fiscal 2006-2007 biennium.

Section 1 of the bill would appropriate \$294,500,000 to the Texas Education Agency (TEA) to fund the reimbursement of the Foundation School Program for the purchase of textbooks.

Section 2 would appropriate \$171,800,000 to the Health and Human Services Commission (HHSC) for operating the integrated eligibility and enrollment program, and includes 851 FTEs in FY 2006 and 1,305 FTEs in FY 2007.

Section 3 of the bill would appropriate to HHSC and affected agencies \$136,300,000 to support programs that are subject to a decreased federal medical assistance percentage (FMAP) or a decreased enhanced federal medical assistance percentage (EFMAP). The programs include Medicaid, the foster care and adoption subsidy programs, and the Children's Health Insurance Program.

Section 4 of the bill would appropriate \$528,000,000 to the Department of Aging and Disability Services (DADS) to support a nursing facility reimbursement rate that is 11.75 percent greater than the reimbursement rate for FY 2005.

Section 5 of the bill would also appropriate \$21,400,000 to DADS to fund the personal needs allowance of eligible residents of nursing facilities or intermediate care facilities for the mentally retarded (ICF/MR) at an amount increased to \$60 per month from \$45 per month for each resident.

Section 6 of the bill would appropriate \$41,700,000 to the Department of State Health Services (DSHS) to increase state mental health hospital capacity.

Section 7 of the bill would appropriate \$24,500,000 to the Department of Assistive and Rehabilitative Services to provide vocational rehabilitation programs to additional clients.

To the Department of Family and Protective Services (DFPS), section 8 of the bill would appropriate \$44,500,000 for foster care payments; \$14,500,000 for adoption subsidy payments; and \$1,090,366 for relative caregiver payments.

Section 9 of the bill would also reappropriate the unexpended and unobligated balance of money appropriated to the DFPS for the purpose of child protective services under Section 4, Chapter 1362, Acts of the 79th Legislature, Regular Session, 2005.

Section 10 of the bill would appropriate \$20,500,000 to the Texas Tech University Health Sciences Center to pay the center's expenses for recruitment and employment of key faculty and staff for the center's El Paso School of Medicine.

Section 11 of the bill would appropriate \$312,522 to the Texas Commission on the Arts for maintaining agency programs.

Section 12 of the bill would appropriate \$2,500,000 to the Adjutant General's Department for the department to assume responsibilities of the Texas Military Facilities Commission:

Section 13 of the bill would appropriate \$3,400,000 to the Office of the Attorney General for operation of the Sex Offender Apprehension Unit and includes 56 FTEs in FY 2007.

Section 14 of the bill would appropriate \$5,000,000 to the Texas A&M University Health Science Center for the operation of the Texas A&M University-Kingsville Irma Lerma Rangel College of Pharmacy.

Section 15 of the bill would also appropriate \$358,000,000 to TEA to educate approximately 38,000 students displaced by Hurricane Katrina and enrolled in Texas public schools.

Section 16 of the bill would appropriate \$33,500,000 to the board of regents of the Texas State University System to pay the costs of or reimburse expenditures for repairing or replacing buildings and equipment damaged by Hurricane Rita at Lamar University - Beaumont, the Lamar Institute of Technology, and Lamar University - Orange.

Section 17 of the bill would also appropriate \$483,800,000 to HHSC to provide acute care services under the state Medicaid program, including prescription drugs, to persons affected by Hurricane Katrina or Hurricane Rita who may receive services under the state Medicaid program.

Section 18 of the bill would appropriate \$70,100,000 DADS to provide long-term care services under the state Medicaid program to persons affected by Hurricane Katrina or Hurricane Rita who may receive long-term care services under the state Medicaid program.

Section 19 The bill would also appropriate \$4,000,000 to DSHS to provide mental health services under the state Medicaid program to persons affected by Hurricane Katrina or Hurricane Rita who may receive mental health services under the state Medicaid program.

Section 20 of the bill would appropriate \$134,600,000 to HHSC under Strategy B.1.4, Children and Medically Needy, to provide services under the state Medicaid program under that strategy.

Section 21 of the bill would appropriate \$17,900,000 to HHSC under Strategy C.1.1, CHIP, to provide services related to the Children's Health Insurance Program.

To DADS, Section 22 of the bill would appropriate \$5,300,000 under Strategy A.4.3, Mental Retardation Community Services; and \$200,000 under Strategy A.4.4, Mental Retardation Community Services Residential, both to provide payments to mental retardation community centers.

Section 23 of the bill would appropriate \$499,953,852 to DADS to provide long-term care services under the following numbered strategies:

- (1) A.2.1, Primary Home Care;
- (2) A.2.2, Community Attendant Services;
- (3) A.2.3, Day Activity and Health Services;
- (4) A.3.1, Community-Based Alternatives;
- (5) A.3.2, Home and Community-Based Services;
- (6) A.3.3, Community Living Assistance (CLASS);
- (7) A.6.1, Nursing Facility Payments;
- (8) A.6.2, Medicare Skilled Nursing Facility;
- (9) A.6.3, Hospice;
- (10) A.6.4, Promoting Independence Services; and
- (11) A.7.1, Intermediate Care Facilities - Mental Retardation.

Section 24 of the bill would appropriate \$34,278,127 to DADS under Strategy A.2.10, Foster Care Payments, to make foster care payments.

Contingent on the 79th Legislature amending Section 42.259, Education Code, Section 25 of the bill would appropriate \$800,000 for the purpose of making yearly entitlement payments.

Section 26 of the bill would repeal the following riders to Chapter 1369, Acts of the 79th Legislature, Regular Session, 2005 (the General Appropriations Act):

- (1) Rider 66 following the appropriations to HHSC;
- (2) Rider 21 following the appropriations to DADS;
- (3) Rider 48 following the appropriations to DADs; and
- (4) Rider 25 following the appropriations to DFPS.

Section 27 of the bill would prevent double recovery by or double reimbursement to an agency, institution, or other entity for the same hurricane-related cost or expenditure. Matching federal funds appropriated by this Act are not considered "reimbursement from the federal government" for purposes of this section.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect on 91st day after the last day of the legislative session. Appropriations out of the Economic Stabilization Fund would be effective only if the bill received the requisite votes to allow appropriation.

Methodology

This analysis assumes immediate effect.

The \$294,500,000 General Revenue appropriation for textbooks to the Texas Education Agency (TEA) would be in FY 2006.

The \$171,800,000 to the Health and Human Services Commission (HHSC) for the integrated eligibility and enrollment program includes 851 FTEs in FY 2006 and 1,305 FTEs in FY 2007 and would be: \$85,900,000 from General Revenue and would draw down \$85,900,000 in matching federal funds in FY 2007.

The \$136,300,000 General Revenue appropriation to HHSC and affected agencies to support programs subject to decreasing federal medical assistance percentage would be in FY 2007.

The \$528,000,000 appropriation to the Department of Aging and Disability Services (DADS) to support nursing facility reimbursement would be: \$75,000,000 in General Revenue and \$112,500,000 in matching federal funds in FY 2006 and \$136,200,000 in General Revenue and \$204,300,000 in matching federal funds in FY 2007.

The \$21,400,000 appropriation to DADS for personal needs allowances would be: \$4,300,000 in General Revenue and \$4,300,000 in matching federal funds in FY 2006 and \$6,400,000 in General Revenue and \$6,400,000 in matching federal funds in FY 2007.

The \$41,700,000 appropriation to the Department of State Health Services (DSHS) to increase state mental health hospital capacity would be: \$13,400,000 in General Revenue and \$3,700,000 million in mental health Medicare reimbursements (revenue code 3634) for FY 2006 and \$20,600,000 in General Revenue and \$4,000,000 in mental health Medicare reimbursements (revenue code 3634) in FY 2007.

The \$24,500,000 appropriation to the Department of Assistive and Rehabilitative for vocational rehabilitation programs would be: \$1,800,000 in General Revenue and \$6,800,000 in federal matching funds for FY 2006 and \$3,400,000 in General Revenue and \$12,500,000 in federal matching funds in FY 2007.

The \$44,500,000 appropriation to the Department of Family and Protective Services (DFPS) for foster care payments would be: \$3,700,000 in General Revenue and \$10,300,000 in matching federal funds for FY 2006 and \$9,700,000 in General Revenue and \$20,800,000 million in matching federal funds in FY 2007.

The \$14,500,000 appropriation to DFPS for adoption subsidy payments would be: \$2,300,000 in General Revenue and \$3,100,000 in matching federal funds for FY 2006 and \$2,800,000 in General Revenue and \$6,300,000 million in matching federal funds in FY 2007.

The \$1,090,366 General Revenue appropriation to DFPS for relative caregiver payments would be \$344,942 in FY 2006 and \$745,424 in FY 2007.

The reappropriation of unexpended and unobligated balance of money appropriated to the DFPS for the purpose of child protective services under Section 4, Chapter 1362, Acts of the 79th Legislature, Regular Session, 2005 would be from the Economic Stabilization Fund, but as the appropriation is contingent on the requisite two-thirds majority votes in both houses of the Legislature, it is not included in the tables above. Note that there would be no cost associated with this appropriation because it is a reappropriation from unobligated balances.

The \$20,500,000 General Revenue appropriation to the Texas Tech University Health Sciences Center

to for the El Paso School of Medicine would be in FY 2007.

The \$312,522 General Revenue appropriation to the Texas Commission on the Arts to maintain programs would be in FY 2007.

The \$2,500,000 General Revenue appropriation to the Adjutant General's Department for the Texas Military Facilities Commission would be \$1,300,000 in FY 2006 and \$1,200,000 in FY 2007.

The \$3,400,000 General Revenue appropriation to the Office of the Attorney General for the Sex Offender Apprehension Unit would be in FY 2007 and would include 56 additional FTEs.

The \$5,000,000 General Revenue appropriation to the Texas A&M University Health Science Center for the Texas A&M University-Kingsville Irma Lerma Rangel College of Pharmacy would be in FY 2007.

The \$358,000,000 appropriation out of General Revenue Account No. 193 (the Foundation School Fund) to TEA for students displaced by Hurricane Katrina would be \$188,000,000 FY 2006 and \$170,000,000 in FY 2007.

The \$33,500,000 General Revenue appropriation to the board of regents of the Texas State University System for reimbursements due to expenditures for Hurricane Rita is in FY 2006.

The \$483,800,000 appropriation to HHSC to provide Medicaid acute care services to persons affected by Hurricane Katrina or Hurricane Rita would be: \$129,400,000 in General Revenue and would draw down \$194,100,000 in matching federal funds for FY 2006 and \$64,100,000 in General Revenue and would draw down \$96,200,000 in matching federal funds for FY 2007.

The \$70,100,000 appropriation to DADS to provide Medicaid long-term care services to persons affected by Hurricane Katrina or Hurricane Rita would be: \$14,500,000 in General Revenue and would draw down \$21,800,000 in matching federal funds for FY 2006 and \$13,500,000 in General Revenue and would draw down \$20,300,000 in matching federal funds for FY 2007.

The \$4,000,000 appropriation to DSHS to provide Medicaid mental health services to persons affected by Hurricane Katrina or Hurricane Rita would be \$1,600,000 in General Revenue and would draw down \$2,400,000 in matching federal funds for FY 2006.

The \$134,600,000 appropriation to HHSC under Strategy B.1.4, Children and Medically Needy would be \$52,700,000 in General Revenue and would draw down \$81,900,000 in matching federal funds for FY 2007.

The \$17,900,000 appropriation to HHSC under Strategy C.1.1, CHIP would be \$5,000,000 in General Revenue and would draw down \$12,900,000 in matching federal funds for FY 2007.

The \$5,300,000 General Revenue appropriation to DADS under Strategy A.4.3, Mental Retardation Community Services and \$200,000 General Revenue appropriation to DADS under Strategy A.4.4, Mental Retardation Community Services Residential, would both be in FY 2007.

The \$499,953,852 appropriation to DADS to provide long-term care services would be \$140,000,000 in General Revenue and would draw down \$359,953,852 in matching federal funds for FY 2007.

\$34,278,127 appropriation to DADS under Strategy A.2.10, Foster Care Payments would be \$12,400,000 in General Revenue and would draw down \$21,878,127 in matching federal funds for FY 2007.

The contingent appropriation of \$800,000 to TEA would be General Revenue in FY 2007, but as the appropriation is contingent on other acts of the Seventy-ninth Legislature, Third Called Special Session, it is not included in the above tables.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JOB, SD, MS, EB