

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

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**May 17, 2005**

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

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

**IN RE: HB10** by Pitts (Relating to making supplemental appropriations and reductions in appropriations.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds for HB10, As Engrossed:** a negative impact of (\$766,177,959) through the biennium ending August 31, 2007.

**Appropriations:**

Fiscal Year	Appropriation out of <i>GENERAL REVENUE</i> <i>FUND</i> <b>1</b>	Appropriation out of <i>ECONOMIC</i> <i>STABILIZATION</i> <i>FUND</i> <b>599</b>	Appropriation out of <i>FOUNDATION</i> <i>SCHOOL FUND</i> <b>193</b>	Appropriation out of <i>All Affected General</i> <i>Revenue-Dedicated</i> <i>Accounts</i>
2005	\$712,104,959	\$973,494,915	\$2,112,000	\$65,000,000
2006	\$204,898,588	\$587,039,553	\$0	\$2,150,657
2007	\$0	\$354,395,085	\$0	\$0

Fiscal Year	Appropriation out of <i>Approp Receipts-</i> <i>Match for Medicaid</i> <b>8062</b>	Appropriation out of <i>FEDERAL FUNDS</i>
2005	\$69,100,000	\$964,332,617
2006	\$0	\$0
2007	\$0	\$0

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

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2005	(\$493,479,371)
2006	(\$233,098,588)
2007	(\$39,600,000)
2008	\$0
2009	\$0

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

<b>Fiscal Year</b>	<b>Probable Savings/ (Cost) from GENERAL REVENUE FUND 1</b>	<b>Probable Savings/ (Cost) from ECONOMIC STABILIZATION FUND 599</b>	<b>Probable Savings/ (Cost) from FOUNDATION SCHOOL FUND 193</b>	<b>Probable Savings/ (Cost) from All Affected General Revenue-Dedicated Accounts</b>
2005	(\$491,367,371)	(\$973,494,915)	(\$2,112,000)	\$3,984,202
2006	(\$233,098,588)	(\$587,039,553)	\$0	(\$2,150,657)
2007	(\$39,600,000)	(\$354,395,085)	\$0	\$0
2008	\$0	\$0	\$0	\$0
2009	\$0	\$0	\$0	\$0

<b>Fiscal Year</b>	<b>Probable Savings/ (Cost) from Approp Receipts-Match for Medicaid 8062</b>	<b>Probable Savings/ (Cost) from FEDERAL FUNDS</b>	<b>Probable Revenue Gain/(Loss) from FEDERAL FUNDS</b>
2005	(\$69,100,000)	(\$964,332,617)	\$964,332,617
2006	\$0	\$0	\$0
2007	\$0	\$0	\$0
2008	\$0	\$0	\$0
2009	\$0	\$0	\$0

**Fiscal Analysis**

The bill would make supplemental appropriations for Fiscal Years 2005-07 and reduce fiscal 2005 appropriations.

**Fiscal Year 2005 Appropriations and Reductions:**

The bill would appropriate \$463,300,000 to the Health and Human Services Commission (HHSC) for the Medicaid program, including making supplemental hospital payments and restoring eligibility for Medicaid benefits to pregnant women with incomes of up to 185 percent of the federal poverty level, provided that: the Commission has used all revenue available to the Medicaid program, including premium credits and vendor drug rebates. The bill would appropriate \$65,700,000 to HHSC for Children's Health Insurance Program and would appropriate \$85,600,000 to HHSC for various programs. The bill would appropriate \$1,620,933 to HHSC for Child Protective Services Program reforms.

The bill would appropriate \$256,409,442 to the Department of Family and Protective Services to fund reforms of the Child Protective Services Program.

To the Department of Aging and Disability Services, the bill would appropriate \$2,364,540 to fund Child Protective Services Program reforms and \$22,300,000 to fund Community Care Caseload and Costs.

The bill would appropriate \$175,000,000 to the Texas Education Agency (TEA) to fund the purchase of textbooks. The bill would also appropriate to TEA: \$560,000,000 to fund the Foundation School Program and \$2,112,000 to fund the juvenile justice alternative education program through an interagency agreement with the Texas Juvenile Probation Commission.

The bill would appropriate \$30,700,000 to the Teacher Retirement System of Texas to fund the employee pass-through program.

The bill would appropriate \$1,900,000 to the State Board for Educator Certification to fund the administration of certification examinations.

The bill would appropriate to the Texas Department of Criminal Justice: \$15,900,000 to provide for contracted temporary capacity, salaries and wages, utilities, and fuel; and \$31,300,000 to provide

correctional managed health care.

The bill would appropriate \$2,140,000 to the Texas Parks and Wildlife Department to fund repairs to the San Jacinto Monument.

The bill would appropriate \$25,000,000 to the Texas Commission on Environmental Quality to fund clean up of sites contaminated by petroleum storage tanks.

The bill would appropriate \$1,500,000 to the secretary of state to fund the state matching contribution for the Help America Vote Act.

The bill would appropriate \$78,928,959 to agencies and institutions that own real property purchased with general revenue or general revenue dedicated funds and that had appropriations reduced under House Bill 1 (the General Appropriations Act) of the 78th Legislature, Regular Session, 2003. The bill provides that the governor and the Legislative Budget Board shall allocate the appropriation among the agencies and institutions taking into account the reductions and distributions previously made.

The bill would reappropriate any unencumbered and unexpended appropriated amounts, under House Bill 1 (the General Appropriations Act) of the 78th Legislature, Regular Session, 2003, as amended by House Bill 28 of the 78th Legislature, 3rd Called Session, 2003, including both state fiscal relief funds and amounts vetoed by the Governor.

The bill would appropriate \$36,000 to the Ninth Court of Appeals, Beaumont to fund salaries; and would reduce by the same amount, the unencumbered amounts previously appropriated to the Tenth Court of Appeals, Waco.

The bill would require the following appropriation reductions:

\$17,500,000 from unencumbered amounts in the General Revenue Fund to the Texas Public Finance Authority;

\$1,943,939 from unencumbered amounts in General Revenue Dedicated Account No. 543 (the Texas Capital Trust Fund) to the Department of Aging and Disability Service;

\$1,690,606 from unencumbered amounts in General Revenue Dedicated Account No. 5025 (the State Lottery Account) to the Texas Lottery Commission;

\$57,200,000 from unencumbered amounts in General Revenue Dedicated Account No. 5100 (the System Benefit Fund) to the Public Utility Commission;

\$6,000,000 from unencumbered amounts in General Revenue Dedicated Account No. 5101 (the Subsequent Injury Fund) to the Texas Workers' Compensation Commission; and

\$415,000 from General Revenue to the Texas Emancipation Juneteenth Cultural and Historical Commission.

#### **Fiscal Years 2006-07 Appropriations:**

The bill would appropriate to TEA: \$200,000,000 for increases in school facilities funding in FY 2006-07; \$182,000,000 in FY 2006 for textbook continuing contracts; \$177,877,500 in FY 2006-07 for Pre-Kindergarten and Kindergarten Program; and \$175,557,138 for the Student Success Initiative in FY 2006-07.

The bill would appropriate to TRS: \$123,355,532 to fund retiree health statutory funds for FY 2006-07 and \$76,644,468 for retiree health supplemental funds in FY 2006.

The bill would require each entity appropriated money by this Act and each agency for which an amount of appropriations is reduced by this Act to report to the Legislative Budget Board.

The bill would take effect immediately, if receiving a two-thirds vote of each house.

## Methodology

This estimate assumes immediate effect.

### Fiscal Year 2005 Appropriations and Reductions:

The \$463,300,000 Medicaid appropriation to the Health and Human Services Commission (HHSC) would be: \$261,800,000 from the General Revenue Fund; \$92,400,000 from the Economic Stabilization Fund; \$40,000,000 from General Revenue Dedicated Account #5080 (Quality Assurance Fund); and \$69,100,000 from Other Funds (appropriated receipts match for Medicaid). The Medicaid appropriation would draw down \$695,000,000 in additional matching federal funds. A loss in revenue of \$28,200,000 in FY 2006 and \$39,600,000 in FY 2007 (General Revenue) is a result of the reduction in Disproportionate Share Hospitals program revenues attributable to implementation of the UPL program in FY 2004-05 compared to current law.

The \$65,700,000 (General Revenue) appropriation to HHSC for the Children's Health Insurance Program would draw \$168,900,000 in matching federal funds. The \$85,600,000 to HHSC for various programs would be appropriated from the General Revenue Fund. The appropriation of \$1,620,933 from the Economic Stabilization Fund to HHSC for Child Protective Services Program reforms would draw \$1,782,674 in matching federal funds.

The bill would appropriate \$256,409,442 from the Economic Stabilization Fund to the Department of Family and Protective Services and draw \$61,503,959 in matching federal funds to fund reforms of the Child Protective Services Program.

The \$2,364,540 appropriation from the Economic Stabilization Fund to the Department of Aging and Disability Services Child Protective Services Program reforms would draw down \$3,645,984 in matching federal funds and the \$22,300,000 appropriation (General Revenue) would draw \$33,500,000 in matching federal funds.

The \$175,000,000 appropriation to the Texas Education Agency (TEA) for the purchase of textbooks includes \$30,000,000 from the Economic Stabilization Fund and \$145,000,000 from the General Revenue Fund. The \$560,000,000 to TEA to fund the Foundation School Program would be appropriated from the Economic Stabilization Fund. The \$2,112,000 to the Texas Education Agency (TEA) to fund the juvenile justice alternative education program would be appropriated out of General Revenue Account No. 193 (the Foundation School Fund).

The \$30,700,000 to the Teacher Retirement System of Texas would be appropriated from the Economic Stabilization Fund.

The \$1,900,000 to the State Board for Educator Certification would be appropriated from the General Revenue Fund.

The \$47,200,000 to the Texas Department of Criminal Justice would be appropriated from the General Revenue Fund.

The \$2,140,000 to the Texas Parks and Wildlife Department would be appropriated from the General Revenue Fund.

The \$25,000,000 to the Texas Commission on Environmental Quality would be appropriated from the General Revenue-Dedicated Account No. 655 (Petroleum Storage Tank Remediation).

The \$1,500,000 to the secretary of state would be appropriated out of the General Revenue Fund and transferred to General Revenue Dedicated Account No. 5095 (the Election Improvement Fund).

The \$78,928,959 to agencies and institutions for partial restoration of appropriation reduction for property sales would be appropriated from the General Revenue Fund.

The reappropriation of any unencumbered and unexpended appropriated amounts, under House Bill 1

(the General Appropriations Act) of the 78th Legislature, Regular Session, 2003, as amended by House Bill 28 of the 78th Legislature, 3rd Called Session, 2003, would result in savings in Fiscal Year 2005: \$180,472,802 from state fiscal relief funds held in the General Revenue Fund; and \$24,485,786 to the General Revenue Fund and \$2,150,657 to General Revenue-Dedicated Accounts from amounts vetoed by the Governor. The unexpended balance is reappropriated for use in the 2006-07 biennium.

The \$36,000 appropriation to the Ninth Court of Appeals, Beaumont and the \$36,000 reduction of the unencumbered amounts previously appropriated to the Tenth Court of Appeals, Waco is from the General Revenue Fund.

The bill would require appropriation reductions of \$17,951,000 in General Revenue-Related funds and \$66,834,545 from General Revenue-Dedicated accounts.

**Fiscal Years 2006-07 Appropriations:**

The appropriation to TEA from the Economic Stabilization Fund would be \$448,717,319 in FY 2006 and \$286,717,319 in FY 2007.

The appropriation to TRS from the Economic Stabilization Fund would be \$138,322,234 in FY 2006 and \$67,677,766 in FY 2007.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, SD, WP, EB