

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 18, 2007

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

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

IN RE: HB15 by Chisum (Relating to making supplemental appropriations and reductions in appropriations.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB15, As Engrossed: an impact of \$0 through the biennium ending August 31, 2009.

Appropriations:

| Fiscal Year | Appropriation out of <i>GENERAL REVENUE</i> <i>FUND</i> 1 | Appropriation out of <i>STATE HIGHWAY</i> <i>FUND</i> 6 | Appropriation out of <i>All Affected General</i> <i>Revenue-Dedicated</i> <i>Accounts</i> | Appropriation out of <i>All Affected Other</i> <i>Funds</i> |
|-------------|---|---|--|---|
| 2007 | \$325,817,719 | \$0 | \$306,003 | (\$443,881) |
| 2008 | \$43,614,379 | \$437,839 | \$3,341,900 | \$1,497,531 |
| 2009 | \$53,614,379 | \$437,839 | \$3,341,900 | \$1,497,531 |

| Fiscal Year | Appropriation out of <i>FEDERAL FUNDS</i> |
|-------------|--|
| 2007 | \$189,080,900 |
| 2008 | \$46,026,023 |
| 2009 | \$46,026,023 |

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2007 | \$97,228,758 |
| 2008 | (\$43,614,379) |
| 2009 | (\$53,614,379) |
| 2010 | \$0 |
| 2011 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings from <i>GENERAL REVENUE</i> <i>FUND</i> 1 | Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1 | Probable Savings from <i>STATE HIGHWAY</i> <i>FUND</i> 6 | Probable (Cost) from <i>STATE HIGHWAY</i> <i>FUND</i> 6 |
|-------------|--|---|--|---|
| 2007 | \$500,804,421 | (\$403,575,663) | \$0 | \$0 |
| 2008 | \$2,227,742 | (\$45,842,121) | \$41,625 | (\$479,464) |
| 2009 | \$2,227,742 | (\$55,842,121) | \$41,625 | (\$479,646) |
| 2010 | \$0 | \$0 | \$0 | \$0 |
| 2011 | \$0 | \$0 | \$0 | \$0 |

| Fiscal Year | Probable Savings from All Affected General Revenue-Dedicated Accounts | Probable (Cost) from All Affected General Revenue-Dedicated Accounts | Probable Savings from All Affected Other Funds | Probable (Cost) from All Affected Other Funds |
|--------------------|--|---|---|--|
| 2007 | \$294,245 | (\$600,248) | \$443,881 | \$0 |
| 2008 | \$667,420 | (\$4,009,320) | \$168,217 | (\$1,665,748) |
| 2009 | \$667,420 | (\$4,009,320) | \$168,217 | (\$1,665,748) |
| 2010 | \$0 | \$0 | \$0 | \$0 |
| 2011 | \$0 | \$0 | \$0 | \$0 |

| Fiscal Year | Probable Savings from FEDERAL FUNDS | Probable (Cost) from FEDERAL FUNDS | Change in Number of State Employees from FY 2006 |
|--------------------|--|---|---|
| 2007 | \$0 | (\$189,080,900) | 124.0 |
| 2008 | \$701,087 | (\$46,727,110) | 892.0 |
| 2009 | \$701,087 | (\$46,727,110) | 1,216.0 |
| 2010 | \$0 | \$0 | 1,216.0 |
| 2011 | \$0 | \$0 | 1,216.0 |

Fiscal Analysis

The bill would make supplemental appropriations and reduce appropriations for Fiscal Years 2007-2009.

Fiscal Year 2007 Appropriations and Reductions:

The bill would make the following appropriations in Fiscal Year 2007:

\$3,678,942 to the Austin Community College and \$1,424,764 to the South Plains College to fund group health insurance;

\$47,000,000 to the Texas Department of Criminal Justice to fund the provision of salaries and wages, hazardous duty and longevity pay, overtime pay, contractual rate adjustments, utilities, and fuel, as well as \$12,940,619 to fund correctional managed health care;

\$1,823,075 to the Texas Medical Board to fund the repayment of the fiscal year 2006 Governor's Emergency and Deficiency Grant and licensing and enforcement operating expenses including six full-time equivalents (FTEs);

\$463,202 to the Texas Department of Licensing and Regulation to fund obligations and unanticipated costs of relocating the former Cosmetology Commission and former Board of Barber Examiners;

\$64,013,000 to the Texas Building and Procurement Commission to fund life safety and deferred maintenance projects, \$6,014,700 to fund the abatement of asbestos and build-out of the Stephen F. Austin building, and \$2,847,069 to fund utility payments;

\$13,645,120 to Texas Southern University to fund deferred maintenance and other expenses;

\$50,000 to Angelo State University to fund utility payments;

\$44,730,767 to the Texas Forest Service to fund reimbursements for costs related to wildfire;

\$45,000 to the Texas Forensic Science Commission to fund salary, office, and travel expenses including one FTE;

\$1,681,615 to the Adjutant General's Department to fund salaries, wages, maintenance, and operations;

\$85,000 to the State Board of Dental Examiners to fund appropriated receipts shortfall reimbursement;

\$2,595 to the Structural Pest Control Board, \$33,370 to the School for the Blind and Visually Impaired, \$139,207 to the School for the Deaf, and \$3,383 to the Eleventh Court of Appeals, Eastland to fund the restoration of reductions in appropriations for commercial air travel made pursuant to Section 5.09, Article IX, Chapter 1369, Acts of the 79th Legislature, Regular Session, 2005 (the General Appropriations Act);

\$101,498 to the Supreme Court of Texas to fund grants to appellate courts for additional court staff to handle multi-district litigation cases;

\$278,851,834 to the Health and Human Services Commission to fund the restoration of Medicaid and CHIP programs rates to fiscal year 2003 levels;

\$3,716,980 to the Department of Family and Protective Services to fund the continuation of child protective services reform, including 117 FTEs, and an additional \$2,033,837 in capital budget authority for programming expenses;

\$27,728,703 to the Department of Aging and Disability to fund the restoration of provider rates to fiscal year 2003 levels in programs for home and community-based services, in programs for community living assistance and support services (Class), in the Texas Home Living Waiver program, and in Intermediate Care Facilities for the mentally retarded;

\$4,800,000 to the Texas Youth Commission for operating expenses; and

\$8,081,368 to the Department of Information Resources for the purpose of transferring funds to certain agencies for data center services payments and \$69,355,000 to fund one-time data center services contract payments.

The bill would reduce appropriations for the following agencies as a result of reduced costs due to the implementation of Chapter 1068, Acts of the 79th Legislature, Regular Session, 2005 (House Bill 1516): \$1,180,167 to the Employees Retirement System for decreased retirement program and insurance program costs, and \$671,435 to the Comptroller of Public Accounts for decreased social security and salary costs.

The bill would repeal previously authorized deferrals of August 2007 payments and authorize the following interagency transfers from unencumbered amounts appropriated to the Health and Human Services Commission: \$122,701,559 to the Department of Aging and Disability Services and \$21,763,732 to the Department of Family and Protective Services to fund August 2007 services; \$1,541,628 to the Department of Assistive and Rehabilitative Services to fund vocational rehabilitation; and \$30,930,615 to the Department of Family and Protective Services to fund various supplemental needs.

The bill would reduce the unencumbered appropriations made by Chapter 1369, Acts of the 79th Legislature, Regular Session, 2005 (the General Appropriations Act) under Strategy A.3.1 to the Teacher Retirement System by \$76,644,468.

Fiscal Years 2008-09 Appropriations and Reductions:

The bill would make the following appropriations in Fiscal 2008-2009 biennium:

\$13,100,000 to the University of Texas Medical Branch at Galveston for non-reimbursed losses caused by Hurricane Rita;

\$21,499,576 to the Department of Family and Protective Services to fund the maintenance of fiscal year 2007 average daily caseload per worker for family-based safety services and additional statewide intake staff;

\$96,199,181 to the Department of Family and Protective Services to fund the continuation of child protective services reform including 768 FTEs in 2008 and 1,092 FTEs in 2009;

\$40,536,259 to the Department of Aging and Disability to fund continuing community care enhancement at fiscal year 2007 levels;

\$3,111,684 to the Department of State Health Services to fund the restoration of provider rates to fiscal year 2003 levels in programs for children with special health care needs, for maternal and child health services, and for family planning services; and

\$10,000,000 to the Department of Information Resources to fund one-time data center services contract payments.

The bill would make appropriations to the following agencies to fund data center services payments:

\$154,354 to the Railroad Commission of Texas
\$5,981,169 to the Texas Commission on Environmental Quality
\$2,336,470 to the Texas Workforce Commission
\$958,928 to the Texas Department of Transportation
\$1,881,572 to the Parks and Wildlife Department
\$280,004 to the Texas State Library and Archive Commission
\$725,426 to the Secretary of State
\$2,198,018 to the Texas Education Agency
\$1,154,331 to the Texas Higher Education Coordinating Board
\$519,429 to the Public Utility Commission of Texas
\$3,946,000 to the General Land Office
\$1,341,008 to the Office of the Attorney General
\$59,907 to the Texas Alcoholic Beverage Commission
\$113,978 to the Texas Department of Licensing and Regulation
\$510,730 to the Texas Water Development Board
\$839,500 to the Texas Youth Commission.

The bill would reduce appropriations for the following agencies to fund data center services payments as a result of reduced costs due to the implementation of Chapter 1068, Acts of the 79th Legislature, Regular Session, 2005 (House Bill 1516):

\$2,065,633 to the Texas Department of Insurance
\$2,563,316 to the Department of Family and Protective Services
\$225,000 to the Department of Public Safety
\$1,374,266 to the Texas Building and Procurement Commission
\$1,383,408 to the Department of Agriculture.

The bill would authorize the Health and Human Services Commission to transfer funds appropriated to the commission under Goal C: Chip Services by Chapter 1369, Acts of the 79th Legislature, Regular Session, 2005 (page II-70, General appropriations Act), to other goals and strategies as necessary to comply with the provisions of the bill. The bill would also authorize the commission to make staffing changes and exceed capital authority limitations if the executive commissioner determines that a service performed under a contract would be more effectively performed by state personnel.

The bill would authorize the Comptroller, with the assistance of the affected agency, to allocate the appropriation or reduction in appropriations made in the bill, among the dedicated accounts or sources of other funds according to the amounts available in the affected accounts or sources of other funds and the extent to which the programs supported by the dedicated accounts or sources of other funds are supported by the appropriation or, in the case of a reduction in appropriations, supported by the implementation of Chapter 1068, Acts of the 79th Legislature, Regular Session, 2005 (HB 1516).

The bill would reduce the vetoed funds appropriations made by Section 13.18, Article IX, Chapter 1369, Acts of the 79th Legislature, Regular Session (2005) by an amount equal to the cumulative net amount of appropriations made by this act.

Methodology

This analysis assumes immediate effect.

Fiscal Year 2007 Appropriations and Reductions:

All appropriations and reductions are entirely from the General Revenue Fund (Fund 0001) with the exception of the items listed below.

The \$1,823,075 appropriation to the Texas Medical Board would be \$1,222,827 in General Revenue and \$600,248 General Revenue-Dedicated Account No. 5105 (Public Assurance).

The \$278,851,834 appropriation to the Health and Human Services Commission would be \$108,900,000 from the General Revenue Fund and \$169,951,834 in matching Federal Funds.

The \$3,716,980 appropriation to the Department of Family and Protective Services for child protective services reform would be \$1,502,423 from the General Revenue Fund and \$2,214,557 in matching Federal Funds (TANF).

The \$27,728,703 appropriation to the Department of Aging and Disability Services for provider rates would be \$10,814,194 from the General Revenue Fund and \$16,914,509 from Federal Funds.

The appropriations reductions relating to the implementation of Chapter 1068, Acts of the 79th Legislature, Regular Session, 2005 (House Bill 1516) would be:

\$221,782 from the General Revenue Fund, \$58,608 from General Revenue-Dedicated Accounts, and \$88,412 from Other Funds to the Employees Retirement System for decreased retirement costs;

\$487,921 from the General Revenue Fund, \$128,937 from General Revenue-Dedicated Accounts, and \$194,507 from Other Funds to the Employees Retirement System for decreased insurance program costs;

\$263,044 from the General Revenue Fund, \$69,511 from General Revenue-Dedicated Accounts, and \$104,861 from Other Funds to the Comptroller of Public Accounts for decreased social security costs; and

\$140,729 from the General Revenue Fund, \$37,189 from General Revenue-Dedicated Accounts, and \$56,101 from Other Funds to the Comptroller of Public Accounts for decreased salary costs.

Authorized interagency transfers of \$150,082,431 from unencumbered amounts appropriated to the Health and Human Services Commission include:

The \$122,701,559 transfer to the Department of Aging and Disability Services would be general revenue;

The \$21,763,732 transfer to the Department of Family and Protective Services to fund August 2007 services would be \$12,792,244 in general revenue and \$8,971,488 in federal funds (TANF), and the \$30,930,615 transfer to fund various supplemental needs would be \$13,047,000 in general revenue and \$17,883,615 in federal funds (TANF); and

The \$1,541,628 transfer to the Department of Assistive and Rehabilitative Services would be general revenue.

Fiscal Years 2008-09 Appropriations and Reductions:

All appropriations and reductions are entirely from the General Revenue Fund (Fund 0001) with the exception of the items listed below.

The \$21,499,576 appropriation to the Department of Family and Protective Services for maintenance of fiscal year 2007 average daily caseload per worker for family-based safety services and additional statewide intake staff would be \$18,729,595 from the General Revenue Fund and \$2,769,981 in matching Federal Funds; and the \$96,199,181 appropriation for child protective services reform would

be \$32,968,219 from the General Revenue Fund and \$63,230,962 in matching Federal Funds (TANF).

The \$40,536,259 appropriation to the Department of Aging and Disability Services to fund community care enhancements would be \$15,809,141 from the General Revenue Fund and \$24,727,118 from Federal Funds.

Appropriations to fund data center services payments that are not entirely made from the General Revenue Fund include:

The \$5,981,169 appropriation to the Texas Commission on Environmental Quality would be \$1,124,521 from the General Revenue Fund and \$4,856,648 from General Revenue-Dedicated Accounts;

The \$2,336,066 appropriation to the Texas Workforce Commission would be \$381,705 from the General Revenue Fund, \$17,699 from General Revenue-Dedicated Accounts, and \$1,937,066 from Federal Funds;

The \$958,928 appropriation to the Texas Department of Transportation would be from the State Highway Fund (Fund 006);

The \$1,881,572 appropriation to the Park and Wildlife Department would be from General Revenue-Dedicated Accounts;

The \$2,198,018 appropriation to the Texas Education Agency would be \$1,283,643 from the General Revenue Fund, \$136,277 from Other Funds, and \$778,098 from Federal Funds;

The \$1,154,331 appropriation to the Texas Higher Education Coordinating Board would be \$552,478 from the General Revenue Fund, \$590,858 from Other Funds, and \$10,995 from Federal Funds; and

The \$3,946,000 appropriation to the General Land Office would be \$78,920 from the General Revenue Fund, \$1,262,720 from General Revenue-Dedicated Accounts, and \$2,604,360 from Other Funds.

The appropriations reductions relating to the implementation of Chapter 1068, Acts of the 79th Legislature, Regular Session, 2005 (House Bill 1516) relating to data center services payments include:

The \$2,065,633 reduction to the Texas Department of Insurance would be \$912,610 from the General Revenue Fund and \$1,153,023 from General Revenue-Dedicated Accounts;

The \$2,563,316 reduction to the Department of Family and Protective Services would be \$2,192,309 from the General Revenue Fund and \$371,007 from Federal Funds;

The \$225,000 reduction to the Department of Public Safety would be \$141,750 from General Revenue-Dedicated Accounts and \$83,250 from the State Highway Fund (Fund 006);

The \$1,374,266 reduction to the Texas Building and Procurement Commission would be \$997,767 from the General Revenue Fund, \$40,066 from General Revenue-Dedicated Accounts, and \$336,433 from Other Funds; and

The \$1,383,965 reduction to the Department of Agriculture would be \$352,798 from the General Revenue Fund and \$1,031,167 from Federal Funds.

The vetoed funds appropriation reduction made by Section 13.18, Article IX, Chapter 1369, Acts of the 79th Legislature, Regular Session (2005) would be \$423,046,477 from the General Revenue Account.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, EB