

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 21, 2015**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Finance

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2** by Otto (Relating to making supplemental appropriations and giving direction and adjustment authority regarding appropriations.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2, As Engrossed: a negative impact of (\$280,128,031) through the biennium ending August 31, 2017.

**Appropriations:**

Fiscal Year	Appropriation out of <i>General Revenue Fund</i> <b>1</b>	Appropriation out of <i>Dept Ins Operating Acct</i> <b>36</b>	Appropriation out of <i>Federal Funds</i> <b>555</b>
2015	\$284,828,031	\$5,300,000	\$213,064,844
2016	\$0	\$0	\$0
2017	\$0	\$0	\$0

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

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2015	(\$280,128,031)
2016	\$0
2017	\$0
2018	\$0
2019	\$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 Federal Funds 555</b>	<b>Probable Savings/(Cost) from Dept Ins Operating Acct 36</b>	<b>Probable Revenue Gain from Dept Ins Operating Acct 36</b>
2015	(\$284,828,031)	(\$213,064,844)	(\$5,300,000)	\$5,300,000
2016	\$0	\$0	\$0	\$0
2017	\$0	\$0	\$0	\$0
2018	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from General Revenue Fund 1</b>	<b>Change in Number of State Employees from FY 2014</b>
2015	\$4,700,000	19.5
2016	\$0	0.0
2017	\$0	
2018	\$0	
2019	\$0	

**Fiscal Analysis**

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General Revenue-related Appropriation Reductions:

Texas Public Finance Authority - Bond Debt Service Payments	\$ (21,000,000)
Texas Education Agency - Foundation School Program, Account No. 193	\$ (710,000,000)
Water Development Board - Debt Service Savings	\$ (5,932,518)
Texas Department of Transportation - Debt Service Savings relating to Proposition 12 Bonds	\$ (22,100,000)

General Revenue-related Appropriation Increases:

Facilities Commission - Emergency Maintenance at State Owned Buildings	\$ 9,538,658
Facilities Commission - Critical Operations and Health & Safety Maintenance (TSD)	\$ 10,952,024
State Preservation Board - Volunteer Firemen Monument	\$ 95,000
Family and Protective Services - Foster Care	\$ 17,729,316
Family and Protective Services - Title IV -E	\$ 800,000
Health and Human Services Commission - Medicaid	\$ 85,543,166
Health and Human Services Commission - Medicaid - Health Insurance Provider Fee and Federal Income Tax	\$ 79,685,024
Health and Human Services - CHIP Health Insurance Provider Fee and Federal Income Tax	\$ 4,516,607
Teacher Retirement System - TRS Care	\$ 768,100,754
Office of Court Administration - E-Filing System	\$ 6,400,000
Department of Criminal Justice - Correctional Managed Health Care (CMHC)	\$ 50,500,000
Parks and Wildlife Department - Contingency appropriation for the San	\$ 10,000,000

Jacinto Lawsuit Settlement

\$ 10,000,000

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Net General Revenue-dedicated appropriations total an increase of \$5,300,000 for fiscal year 2015 as follows:

FY 2015

Department of Insurance Operating Acct No 036 - Healthy Texas Claims \$ 5,300,000

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Net Federal Funds appropriations total an increase of \$213,064,844 for fiscal year 2015 as follows:

FY 2015

Federal Funds Appropriation Reductions:

Health and Human Services - TANF Surplus in Cash Assistance Grants \$ (35,083,683)

Federal Funds Appropriation Increases:

Family and Protective Services - Title IV -E \$ 800,000

Health and Human Services Commission - Medicaid \$ 118,373,797

Health and Human Services Commission - Medicaid - Health Insurance provider Fee and Federal Income Tax \$ 113,570,204

Health and Human Services - CHIP Health Insurance Provider Fee and Federal Income Tax \$ 15,404,526

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Appropriations Authority Changes

Transfers within the Health and Human Services Commission (HHSC) to address the Medicaid shortfall:

\$101,900,000 in General Revenue from Integrated Eligibility and Enrollment for Medicaid

\$ 2,700,000 in General Revenue from the Office of the Inspector General

\$ 43,303 in General Revenue from TANF Cash Assistance

Transfers from the Department of Aging and Disability to HHSC to address the Medicaid shortfall:

\$ 98,762,408 in General Revenue from Habilitation Services

\$ 43,527,524 in General Revenue from Long-term Care Services and Supports

Transfers from State Health Services to HHSC to address the Medicaid shortfall:

\$ 5,900,000 in General Revenue from Community Primary Care Services

Veterans Commission - Increase of 19.5 Full-Time-Equivalent Positions (FTEs) for FY 2015.

Health and Human Services Commission -- Requirements that the agency report to the Legislative Budget Board certain information regarding capitation payments prior to making those payments to managed care organizations. This is associated with the appropriations made for both the Medicaid and CHIP Health Insurance Providers Fee and Federal income Tax payments.

Midland College - Grant Agreement with Permian Basin Petroleum Museum

Department of Public Safety - Limitation of Transfer Authority

Department of Public Safety - Use of Funds for Recruit Schools

Department of Transportation - Unexpended Balance Authority for Road Repairs to Energy Sectors

Department of Transportation - Unexpended Balances for County Transportation Infrastructure

Grants

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Impact on Balances and Revenue

General Revenue Fund 001

The bill would reduce General Revenue balances (Fund 001) in FY 2015 by \$5,300,000 to be deposited to the credit of the Department of Insurance Operating Account No. 036. In addition, amounts estimated to be \$10,000,000 would be deposited to the General Revenue Fund (Fund

001) from proceeds recovered from the final judgment in the Harris County v. Waste Management of Texas, Inc. The net impact to General Revenue Fund 001 would be a net gain of \$4,700,000.

Texas Department of Insurance (TDI) Operating Account No. 036  
The bill would increase receipts to the TDI Operating Account by \$5,300,000 in amounts deposited from the General Revenue Fund.

### **Methodology**

The amounts identified above represent changes to previously authorized amounts and purposes for the state fiscal year ending August 31, 2015.

### **Technology**

The bill would provide funding to the Department of Family and Protective Services for the Title IV-E waiver pilot in Harris County (\$0.8 million in General Revenue and \$0.8 million in Federal Funds) and to the Office of Court Administration for the E-Filing System (\$6.4 million in General Revenue).

### **Local Government Impact**

The reduction in Foundation School Program (FSP) appropriations in fiscal year 2015 will have no local fiscal impact. School districts and charter schools generate FSP entitlement independent of the appropriations process; FSP appropriations are estimates of the amount necessary to fund entitlement in the coming biennium. 2014-15 appropriations are now estimated to be \$710 million in General Revenue Funds more than the amount necessary to fund 2014-15 entitlement, primarily due to larger than projected settle-up savings and updated budget drivers, including district property values and student counts.

The Parks and Wildlife Department would be appropriated up to \$10 million from proceeds recovered from the final judgment in the Harris County v. Waste Management of Texas, Inc., for a two-year period beginning in fiscal year 2015 to transfer to Harris County to mitigate the effects of environmental contamination as specified in the bill.

### **Source Agencies:**

**LBB Staff:** UP, KK, MS