

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

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

**May 22, 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.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2, Committee Report 2nd House, Substituted: a negative impact of (\$289,804,696) through the biennium ending August 31, 2017.

**Appropriations:**

Fiscal Year	Appropriation out of <i>General Revenue Fund</i> 1	Appropriation out of <i>Federal Funds</i> 555
2015	\$299,802,696	\$264,785,537
2016	\$0	
2017		

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

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2015	(\$289,804,696)
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 Revenue Gain from General Revenue Fund 1</b>	<b>Change in Number of State Employees from FY 2014</b>
2015	(\$299,804,696)	(\$264,785,537)	\$10,000,000	19.5
2016	\$0			
2017				
2018				
2019				

**Fiscal Analysis**

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Net General Revenue-related appropriations total an increase of \$299,802,696 in fiscal year 2015.  
FY 2015

General Revenue-related Appropriation Reductions:

Texas Public Finance Authority - Bond Debt Service Payments	\$ (25,000,000)
Family and Protective Services - Foster Care Payments MOF Swap	\$ (33,400,000)
Health and Human Services Commission - TANF Surplus in Cash Assistance Grants (GR MOE for TANF)	\$ (50,000,000)
Texas Education Agency - Foundation School Program, Account No. 193	\$ (710,000,000)
Higher Education Coordinating Board - Baylor College of Medicine Surplus	\$ (221,152)
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:

Comptroller of Public Accounts - Texas Tomorrow Fund	\$ 87,671,644
Facilities Commission - Emergency Maintenance at State Owned Buildings	\$ 9,538,658
Facilities Commission - Critical Operations and Health & Safety Maintenance (TSD)	\$ 10,952,024
Facilities Commission - Capital Complex Master Plan	\$ 500,000
Facilities Commission - DMV Headquarters	\$ 500,000
Health and Human Services Commission - Medicaid	\$ 75,544,927
Health and Human Services Commission - Medicaid - Health Insurance Provider Fee and Federal Income Tax	\$ 79,685,024
Teacher Retirement System - TRS Care	\$ 768,100,754
University of Texas at Austin - Economic Geology	\$ 4,471,800
Lamar State College -Orange - Damages Associated with Hurricane Ike	\$ 1,077,557
UTMB - Galveston - Bio-Containment Critical Care Unit	\$ 8,200,000
Lee College - Prison Higher Education	\$ 775,000
District Courts - Comptroller's Judiciary Section - Trial Costs for Erath County	\$ 500,000
Department of Criminal Justice - Correctional Managed Health Care (CMHC)	\$ 42,500,000
Texas Military Department - Border Security	\$ 9,000,000

Department of Public Safety - Border Security	\$	29,253,684
Animal Health Commission - Cattle Fever Tick Quarantine	\$	601,111
Cattle Tuberculosis	\$	188,736
Parks and Wildlife Department - Contingency appropriation for the San Jacinto Lawsuit Settlement	\$	10,000,000
Parks and Wildlife Department - Border Security	\$	2,095,447
Department of Insurance - Health Texas and other agency operations	\$	5,300,000

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Net Federal Funds appropriations total an increase of \$264,785,537 for fiscal year 2015 as follows:  
FY 2015

Federal Funds Appropriation Increases:

Family and Protective Services - Foster Care Payments	\$	43,671,644
Health and Human Services Commission - Medicaid	\$	104,538,332
Health and Human Services Commission - Medicaid - Health Insurance provider Fee and Federal Income Tax	\$	113,570,204
Health and Human Services Commission - TANF Cash Assistance Grants	\$	3,005,357

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Appropriations Authority Changes

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

- \$101,812,581 in General Revenue from Integrated Eligibility and Enrollment for Medicaid
- \$ 2,722,670 in General Revenue from the Office of the Inspector General
- \$ 2,412,362 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
- \$ 31,151,738 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
- \$ 1,300,000 in General Revenue from Community Mental Health Crisis Services

UT Austin - Center for Economic Geology - Establishment of a technical advisory committee

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

Department of Aging and Disability - Capital Budget Authority for BIP-Secure Web Portal

Department of Aging and Disability - Capital Budget Authority for Microsoft Enterprise Subscription Agreement Renewal

Department of Family and Protective Services - Transfers to Address Certain Shortfalls

Department of State Health Services - Transfers to Address Certain Shortfalls

Health and Human Services Commission - Capital Budget Authority for Secure Mobile Infrastructure  
Health and Human Services Commission -- Reporting requirement relating to capitation payments for the Medicaid appropriations for the Health Insurance Providers Fee and Federal Income Tax payments.

Midland College - Grant Agreement with Permian Basin Petroleum Museum

Department of Criminal Justice - Certain Transfers to address CMHC shortfall

Department of Public Safety - Use of Funds for Recruit Schools

Department of Public Safety - Limitation of Transfer Authority

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

and County Transportation Infrastructure Grants

## Impact on Balances and Revenue

### General Revenue Fund 001

The bill would increase General Revenue balances (Fund 001) in FY 2015 by \$10 million which would be deposited to the General Revenue Fund from proceeds recovered from the final judgment in the Harris County v. Waste Management of Texas, Inc.

## 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 authority to amend capital budgets for the Department of Aging and Disability Services (BIP-Secure Web Portal project and the Microsoft Enterprise Subscription Agreement Renewal project) and the Health and Human Services Commission (Secure Mobile Infrastructure project).

## 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 Comptroller's Judiciary Section would be appropriated \$500,000 in General Revenue funds for the expenses incurred by Erath County related to the Chris Kyle murder trial. The appropriations would be for a two year period beginning in FY 2015.

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