

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

**FISCAL NOTE, 85TH LEGISLATURE 1st CALLED SESSION - 2017**

**August 15, 2017**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

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

**IN RE: HB30** by Zerwas (Relating to the transfer of certain appropriations to the Texas Education Agency and the adjustment of appropriations for public school finance.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB30, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2019.

There could be an additional General Revenue cost to supplemental appropriations in fiscal year 2019 and certain other methods of finance, including Federal Funds, could be affected depending on the approach adopted by the Health and Human Services Commission to execute the transfer as directed in the legislation.

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

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$0

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

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193
2018	\$563,000,000	(\$212,000,000)	(\$351,000,000)
2019	\$0	\$0	\$0
2020	\$0	\$0	\$0
2021	\$0	\$0	\$0
2022	\$0	\$0	\$0

## **Fiscal Analysis**

The bill would transfer from the Health and Human Services Commission (HHSC) \$351.0 million in unencumbered 2018-19 General Revenue appropriations made by Senate Bill 1, 85th Legislature, Regular Session, to the Texas Education Agency (TEA) to provide: 1) \$150.0 million to fund financial hardship grants for districts that would have otherwise experienced a significant loss of revenue during the 2017-18 or 2018-19 school years; 2) \$60.0 million to provide funding to open-enrollment charter schools for instructional facilities; 3) \$60.0 million to increase funding for the Existing Debt Allotment; 4) \$41.0 million for the small-sized district adjustment for districts that contain less than 300 square miles; 5) \$20.0 million for a grant program for innovative services to students with autism; and 6) \$20.0 million for a grant program for innovative services to students with dyslexia.

HHSC is granted authority with respect to the strategies and objectives from which the funds would be transferred, and depending on the approach adopted by HHSC to execute the transfer there could be an additional cost to supplemental appropriations in fiscal year 2019 and certain other methods of finance, including Federal Funds, could be affected. In the event that the transfer is accomplished by delaying payments to that are due to managed care organizations in August 2019, the bill would require the Commission to provide those payments as soon as possible from available appropriations in the following biennium.

The bill would require the Legislative Budget Board to determine the sum-certain appropriation to the Foundation School Program as contained in Rider 3, of the TEA bill pattern in Senate Bill 1, Eighty-fifth Legislature, Regular Session.

The bill would transfer from the Health and Human Services Commission \$212 million in General Revenue appropriations made by Senate Bill 1, 85th Legislature, Regular Session, for the 2018-19 biennium to the Teacher Retirement System of Texas (TRS) to be used to provide support to participants in the Texas Public School Employees Group Insurance Program (TRS-Care) by: 1) reducing costs for participants, including premiums, deductibles, and prescription drugs, during the 2018 and 2019 plan years; and 2) reducing the premium and maximum out-of-pocket cost for an enrolled adult child with a mental disability or a physical incapacity during the 2018 and 2019 plan years. HHSC is granted authority with respect to the strategies and programs from which the funds would be transferred, and depending on the approach adopted by HHSC to execute the transfer, there could be an additional cost to supplemental appropriations in fiscal year 2019 and certain other methods of finance, including Federal Funds, could be affected.

The bill specifies that if other legislation transfers and allocates unencumbered funds to the components and in the amounts specified in the bill, the transfer and allocation made in the bill would not take effect. The bill would take effect only if House Bill 21, or another similar Act addressing the public school finance components of the legislation becomes law; otherwise it would have no effect.

## **Methodology**

As noted above, the provisions included in this bill would be financed in the 2018-19 biennium via a transfer from HHSC.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:**

**LBB Staff:** UP, SD, JSp, AG, AM, AH