

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 29, 2017

TO: Honorable John Zerwas, Chair, House Committee on Appropriations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2 by Zerwas (relating to making supplemental appropriations and giving direction and adjustment authority regarding appropriations.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2, Committee Report 1st House, Substituted: a negative impact of (\$1,136,823,805) through the biennium ending August 31, 2019.

Appropriations:

| Fiscal Year | Appropriation out of <i>General Revenue Fund</i> 1 | Appropriation out of <i>Federal Funds</i> 555 |
|-------------|-----------------------------------------------------------------|------------------------------------------------------------|
| 2017 | \$1,136,823,805 | \$1,735,043,901 |
| 2018 | \$0 | \$0 |
| 2019 | \$0 | \$0 |

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|-----------------------------------------------------------------------------|
| 2017 | (\$1,136,823,805) |
| 2018 | \$0 |
| 2019 | \$0 |
| 2020 | \$0 |
| 2021 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from General Revenue Fund 1 | Probable Savings/(Cost) from Federal Funds 555 |
|--------------------|--------------------------------------------------------------------|---------------------------------------------------------------|
| 2017 | (\$1,136,823,805) | (\$1,735,043,901) |
| 2018 | \$0 | \$0 |
| 2019 | \$0 | \$0 |
| 2020 | \$0 | \$0 |
| 2021 | \$0 | \$0 |

Fiscal Analysis

CSHB 2 provides for the following appropriations-related provisions:

General Revenue-related appropriations decrease of (\$53,636,997) in fiscal year 2017 as follows:

Texas Public Finance Authority - Bond Debt Service Payments (\$53,636,997)

General Revenue-related appropriations increases of \$1,190,460,802 in fiscal year 2017 as follows:

- Family and Protective Services - Entitlement Programs and Day Care \$46,310,266
- Family and Protective Services - Critical Needs \$101,697,474
- Health and Human Services Commission - Acute Care Therapy Services \$21,500,000
- Health and Human Services Commission - Medicaid Shortfall \$930,733,818
- Texas A&M Forest Service - Emergency Responses Reimbursement \$5,100,000
- Department of Criminal Justice - Correctional Managed Health Care \$80,000,000
- Juvenile Justice Department - Operational Shortfall \$4,469,257
- Animal Health Commission - Cattle Tick Fever Mitigation \$649,987

Federal Funds appropriations increases of \$1,735,043,901 in fiscal year 2017 as follows:

- Health and Human Services Commission - Acute Care Therapy Services \$29,800,000
- Health and Human Services Commission - Medicaid Shortfall \$1,705,243,901

The bill also includes adjustments to appropriations authority, including most significantly the transfer of \$29,247,213 in General Revenue and \$72,450,261 in Temporary Assistance for Needy Families (TANF) from DFPS to the Health and Human Services Commission (HHSC). These funds are replaced by the critical needs appropriation to DFPS.

The bill also amends HHSC Rider 50, subsection (c) to realign the General Revenue savings target from therapy rate reductions for fiscal year 2017 from \$50,000,000 to \$28,500,000 and deletes the requirement that fiscal year 2017 therapy rates shall be reduced further if the policy initiatives in the rider are not achieved.

The bill requires HHSC to receive written approval from the LBB prior to expending any amount appropriated for Medicaid Services in the bill.

Methodology

The amounts identified above represent changes to previously authorized amounts and purposes for the state fiscal year ending August 31, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: UP, KK, SD, WP