

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 18, 2017

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

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 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2, Committee Report 2nd House, Substituted: a negative impact of (\$1,000,799,175) 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	Appropriation out of <i>Texas Emissions Reduction Plan</i> 5071	Appropriation out of <i>System Benefit Account</i> 5100
2017	\$1,000,799,175	\$1,599,849,506	(\$31,000,000)	(\$1,209,355)
2018	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2017	(\$1,000,799,175)
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	Probable Savings/(Cost) from Texas Emissions Reduction Plan 5071	Probable Savings/(Cost) from System Benefit Account 5100
2017	(\$1,000,799,175)	(\$1,599,849,506)	\$31,000,000	\$1,209,355
2018	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$0

Fiscal Analysis

The Senate Committee Substitute for House Bill 2 provides for the following appropriations-related provisions:

General Revenue-related appropriations decreases of (\$80,467,671) in fiscal year 2017 as follows:

- Texas Public Finance Authority - Bond Debt Service Payments (\$51,566,581)
- Texas Department of Transportation - Bond Debt Service Payments (\$14,191,000)
- Texas Facilities Commission - Lease Payments (\$13,780,014)
- Texas Facilities Commission - Programs and Operations (\$220,000)
- Texas Public Finance Authority - Programs and Operations (\$217,487)
- Texas Education Agency - Programs and Operations (\$492,589)

General Revenue-related appropriations increases of \$1,081,266,846 in fiscal year 2017 as follows:

- Department of Family and Protective Services - Entitlement Programs and Day Care \$56,639,306
- Department of Family and Protective Services - Critical Needs \$101,697,474
- Health and Human Services Commission - Medicaid Shortfall \$793,586,397
- Health and Human Services Commission - Early Childhood Intervention \$4,500,000
- Health and Human Services Commission - Comprehensive Rehabilitation Services \$2,400,000
- Department of Aging and Disability Services - State Supported Living Centers \$11,300,000
- Department of Aging and Disability Services - Mexia State Supported Living Center \$2,400,000
- Department of State Health Services - State Hospitals \$15,100,000
- Texas A&M Forest Service - Emergency Responses Reimbursement \$7,450,427
- 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
- Kilgore College - Group Insurance \$1,073,998

General Revenue-dedicated appropriations decreases of (\$32,209,355) in fiscal year 2017 as follows:

- Texas Commission on Environment Quality - Texas Emissions Reduction Plan (\$31,000,000)
- Public Utility Commission - System Benefit Fund (\$1,209,355)

Federal Funds appropriations increases of \$1,599,849,506 in fiscal year 2017 as follows:

Health and Human Services Commission - Medicaid Shortfall \$1,599,849,506

The bill includes adjustments to appropriations authority, including:

Transfer of \$29,247,213 in General Revenue and \$72,450,261 in Temporary Assistance for Needy Families (TANF) from the Department of Family and Protective Services (DFPS) to the Health and Human Services Commission (HHSC). These funds are replaced by the critical needs appropriation to DFPS.

Transfer of \$4,355,118 within DFPS to reduce a foster care payment shortfall.

Transfer of \$3,500,000 in capital budget authority within the Texas Department of Transportation (TxDOT) from Acquisition of Capital Equipment and Items to Transportation Items.

The bill requires HHSC to receive written approval from the Legislative Budget Board (LBB) prior to expending any amount appropriated for Medicaid services in the bill.

The bill requires IMPACT project cost overruns at DFPS to be paid from appropriated receipts, or another method of finance with LBB approval.

The bill prohibits appropriation authority to the Texas Alcoholic Beverage Commission (TABC) for out-of state travel or event attendance or participation, except for documented law enforcement or investigative activities. The bill also prohibits receipt by or spending authority to TABC of payments made to it by trade, professional or industry organizations.

The bill directs the Department of Public Safety (DPS), out of appropriated funds, to complete all Driver's License Improvement Plan (DLIP) projects by August 31, 2017.

The bill requires those executive branch state agencies and institutions of higher education subject to the governor's hiring freeze directive issued January 31, 2017 to adhere to and lapse all savings derived from the directive.

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