

BILL ANALYSIS

C.S.H.B. 10
By: Pitts
Appropriations
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Each legislative session, state agencies project the costs of fulfilling their functions and providing important services for the following two year budget period. A significant portion of the state's general revenue budget is based on projected public school enrollment and caseloads in the Medicaid program. Actual public school enrollment and caseloads in Medicaid have exceeded projections made during the 78th legislative session, and several other agencies require additional funding for certain purposes. Committee Substitute House Bill 10 makes adjustments in appropriations for various state agencies. The bill appropriates funds from various sources including: the general revenue fund, general revenue dedicated funds, matching federal funds, the Economic Stabilization Fund, and other funds.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amounts to the Health and Human Services Commission for the two-year period beginning on the effective date of this Act for the purpose of providing services under the state Medicaid program:

- \$261,800,000 out of the general revenue fund;
- \$92,400,000 out of the Economic Stabilization Fund;
- \$40,000,000 in balances and available revenues out of General Revenue Dedicated Account No. 5080 (the Quality Assurance Fund);
- \$69,100,000 in appropriated receipts match for Medicaid; and
- \$695,000,000 in matching federal funds.

These amounts may be expended only if the Health and Human Services Commission has used all revenue available to the Medicaid program, including but not limited to premium credits and vendor drug rebates.

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amounts to the Health and Human Services Commission for the two-year period beginning on the effective date of this Act for the purpose of providing services related to the Children's Health Insurance Program:

- \$65,700,000 out of the general revenue fund; and
- \$168,900,000 in matching federal funds.

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amount to the Health and Human Services Commission for the two-year period beginning on the effective date of this Act for any necessary purposes for which the commission received an appropriation out of the general revenue fund for all or part of the state fiscal biennium ending August 31, 2005, or for which a health and human services agency received an appropriation out of the general revenue fund for all or part of the state fiscal biennium ending August 31, 2005, if the commission is now authorized or required by law to spend money for those purposes:

- \$85,600,000 out of the general revenue fund.

Committee Substitute House Bill 10 appropriates the following amounts to the Health and Human Services Commission for the two-year period beginning on the effective date of this Act for the purpose of funding the reforms of the Child Protective Services Program:

- \$1,620,933 out of the Economic Stabilization Fund; and
- \$1,782,674 in matching federal funds.

Committee Substitute House Bill 10 appropriates the following amounts to the Department of Family and Protective Services for the two-year period beginning on the effective date of this Act for the purpose of funding the reforms of the Child Protective Services Program:

- \$256,409,442 out of the Economic Stabilization Fund; and
- \$61,503,959 in matching federal funds.

The substitute also increases the limitation on the number of full-time equivalent employees (FTEs) prescribed for the predecessor agency of and the existing Department of Family and Protective Services by the General Appropriations Act in the following increments for the purpose of addressing the reforms of the Child Protective Services Program:

- Increase FTE cap by 1,524 for the remainder of the state fiscal year ending August 31, 2005;
- Increase FTE cap by 1,524 for the state fiscal year beginning September 1, 2005; and
- Increase FTE cap by 1,828 for the state fiscal year beginning September 1, 2006.

Committee Substitute House Bill 10 appropriates the following amounts to the Department of Aging and Disability Services for the two-year period beginning on the effective date of this Act for the purpose of funding the reforms of the Child Protective Services Program:

- \$2,364,540 out of the Economic Stabilization Fund; and
- \$3,645,984 in matching federal funds.

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amounts to the Department of Aging and Disability Services for the two-year period beginning on the effective date of this Act for the purpose of funding the Community Care Caseload and Costs:

- \$22,300,000 out of the general revenue fund; and
- \$33,500,000 in matching federal funds.

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amount to the Texas Department of Criminal Justice for the two-year period beginning on the effective date of this Act for the purpose of providing for contracted temporary capacity, salaries and wages, utilities, and fuel:

- \$15,900,000 out of the general revenue fund.

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amount to the Texas Department of Criminal Justice for the two-year period beginning on the effective date of this Act for the purpose of providing for correctional managed health care:

- \$31,300,000 out of the general revenue fund.

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amount to the Teacher Retirement System of Texas for the two-year period beginning on the effective date of this Act for the purpose of funding the employee pass-through program:

- \$30,700,000 out of the Economic Stabilization Fund.

Committee Substitute House Bill 10 appropriates the following amount to the Teacher Retirement System of Texas for the state fiscal year beginning September 1, 2005, for the purpose of providing funding for retiree health-statutory funds (health care for public education retirees funded by statutory formula):

- \$61,677,766 out of the Economic Stabilization Fund.

The substitute also appropriates the following amount to the Teacher Retirement System of Texas for use, before the expiration of the two-year period beginning on the effective date of this

Act, during the state fiscal year beginning September 1, 2006, for the purpose of providing funding for retiree health-statutory funds (health care for public education retirees funded by statutory formula):

- \$61,677,766 out of the Economic Stabilization Fund.

Committee Substitute House Bill 10 appropriates the following amount to the Teacher Retirement System of Texas for the state fiscal year beginning September 1, 2005, for the purpose of providing funding for retiree health-supplemental funds (health care for public education retirees funded by supplemental state funds):

- \$76,644,468 out of the Economic Stabilization Fund.

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amount to the Texas Education Agency for the two-year period beginning on the effective date of this Act for the purpose of funding the juvenile justice alternative education program through an interagency agreement with the Texas Juvenile Probation Commission:

- \$2,112,000 out of General Revenue Account No. 193 (the Foundation School Fund).

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amount to the Texas Education Agency for the two-year period beginning on the effective date of this Act for the purpose of funding the Foundation School Program:

- \$560,000,000 out of the Economic Stabilization Fund.

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amounts to the Texas Education Agency for the two-year period beginning on the effective date of this Act for the purpose of funding the purchase of textbooks:

- \$30,000,000 out of the Economic Stabilization Fund; and
- \$145,000,000 out of the general revenue fund.

Committee Substitute House Bill 10 appropriates the following amount to the Texas Education Agency for the state fiscal year beginning September 1, 2005, for the purpose of funding an increase in the allotment to school districts for assistance with payment of existing debt under Subchapter B, Chapter 46, Education Code:

- \$90,000,000 out of the Economic Stabilization Fund.

The substitute also appropriates the following amount to the Texas Education Agency for use, before the expiration of the two-year period beginning on the effective date of this Act, during the state fiscal year beginning September 1, 2006, for the purpose of funding an increase in the instructional facilities allotment to school districts for school facilities under Subchapter A, Chapter 46, Education Code, and the allotment to school districts for assistance with payment of existing debt under Subchapter B, Chapter 46, Education Code:

- \$110,000,000 out of the Economic Stabilization Fund.

Committee Substitute House Bill 10 appropriates the following amount to the Texas Education Agency for the state fiscal year beginning September 1, 2005, for the purpose of funding the purchase of textbooks under continuing contracts:

- \$182,000,000 out of the Economic Stabilization Fund.

Committee Substitute House Bill 10 appropriates the following amount to the Texas Education Agency for the state fiscal year beginning September 1, 2005, for the purpose of funding kindergarten and prekindergarten grants under Section 29.155, Education Code:

- \$88,938,750 out of the Economic Stabilization Fund.

The substitute also appropriates the following amount to the Texas Education Agency for use, before the expiration of the two-year period beginning on the effective date of this Act, during the state fiscal year beginning September 1, 2006, for the purpose of funding kindergarten and prekindergarten grants under Section 29.155, Education Code:

- \$88,938,750 out of the Economic Stabilization Fund.

Committee Substitute House Bill 10 appropriates the following amount to the Texas Education Agency for the state fiscal year beginning September 1, 2005, for the purpose of funding the student success initiative:

- \$87,778,569 out of the Economic Stabilization Fund.

The substitute also appropriates the following amount to the Texas Education Agency for use, before the expiration of the two-year period beginning on the effective date of this Act, during the state fiscal year beginning September 1, 2006, for the purpose of funding the student success initiative:

- \$87,778,569 out of the Economic Stabilization Fund.

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amount to the State Board for Educator Certification for the two-year period beginning on the effective date of this Act for the purpose of funding administration of the board's certification examination:

- \$1,900,000 out of the general revenue fund.

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amount to the Secretary of State for the two-year period beginning on the effective date of this Act to be transferred to General Revenue Dedicated Account No. 5095 (the Election Improvement Fund) for the purpose of funding the state matching contribution for the Help America Vote Act:

- \$1,500,000 out of the general revenue fund.

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amount to the Parks and Wildlife Department for the two-year period beginning on the effective date of this Act for the purpose of funding repairs to the San Jacinto Monument:

- \$2,140,000 out of the general revenue fund.

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amount to the Texas Commission on Environmental Quality for the two-year period beginning on the effective date of this Act for the purpose of funding cleanup of remediation sites contaminated by petroleum storage tanks:

- \$25,000,000 out of General Revenue Dedicated Account No. 655 (the Petroleum Storage Tank Remediation Account).

Committee Substitute House Bill 10 restores the following amount, for the two-year period beginning on the effective date of this Act, to agencies and institutions that on August 31, 2003, owned real property purchased with general revenue or general revenue dedicated funds and that had appropriations reduced under Section 12.04 (d), Article IX, Chapter 1330, Acts of the 78th Legislature, Regular Session, 2003 (the General Appropriations Act), by an aggregate total of \$97,000,000 for the state fiscal biennium ending August 31, 2005:

- \$78,928,959 out of the general revenue fund.

The Governor and the Legislative Budget Board shall allocate the restored funding among these agencies and institutions, which may then spend that amount for the purposes for which they were authorized to spend the appropriation that was reduced.

Committee Substitute House Bill 10 also provides that any amounts appropriated under Section 11.28, Article IX, Chapter 1330, Acts of the 78th Legislature, Regular Session, 2003 (the General Appropriations Act), as amended by Article 5, Chapter 10, Acts of the 78th Legislature, 3rd Called Session, 2003, that are unencumbered and unexpended on the effective date of Committee Substitute House Bill 10 (including the amount of \$180,472,802 in federal funds for state fiscal relief held in the general revenue fund; \$24,425,786 resulting from items of appropriation made by the 78th Legislature that were vetoed under Section 14, Article IV, Texas Constitution, and held in the general revenue fund; and \$2,150,657 resulting from items of appropriation made by the 78th Legislature that were vetoed under Section 14, Article IV, Texas Constitution, and held in the general revenue fund as general revenue dedicated money) are appropriated for the two-year period beginning on the effective date of this Act for the purposes and in accordance with the procedures prescribed by Section 11.28, Article IX, Chapter 1330,

Acts of the 78th Legislature, Regular Session, 2003 (the General Appropriations Act), as amended by Article 5, Chapter 10, Acts of the 78th Legislature, 3rd Called Session, 2003.

In addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2005, Committee Substitute House Bill 10 appropriates the following amount to the Ninth Court of Appeals, Beaumont, for the two-year period beginning on the effective date of this Act for the purpose of funding salaries:

- \$36,000 out of the general revenue fund.

The substitute also reduces the unencumbered amounts previously appropriated for the state fiscal biennium ending August 31, 2005, from the general revenue fund to the Tenth Court of Appeals, Waco, by the following amount:

- \$36,000.

Committee Substitute House Bill 10 reduces the unencumbered amount of general revenue funds appropriated to the Texas Public Finance Authority to be used for general obligation bond debt service during the state fiscal biennium ending August 31, 2005, by the following amount:

- \$17,500,000.

Committee Substitute House Bill 10 reduces the unencumbered amount of general revenue dedicated funds appropriated to the Department of Aging and Disability Services from General Revenue Dedicated Account No. 543 (the Texas Capital Trust Fund) for use during the state fiscal biennium ending August 31, 2005, by the following amount:

- \$1,943,939.

The department shall identify the strategies and objectives out of which the reductions in unencumbered amounts are to be made.

Committee Substitute House Bill 10 reduces the unencumbered amount of general revenue dedicated funds appropriated to the Texas Lottery Commission from General Revenue Dedicated Account No. 5025 (the State Lottery Account) for use during the state fiscal biennium ending August 31, 2005, by the following amount:

- \$1,690,606.

The commission shall identify the strategies and objectives out of which the reductions in unencumbered amounts are to be made.

Committee Substitute House Bill 10 reduces the unencumbered amount of general revenue dedicated funds appropriated to the Public Utility Commission from General Revenue Dedicated Account No. 5100 (the System Benefit Fund, previously known as the System Benefit Trust Fund) for use during the state fiscal biennium ending August 31, 2005, by the following amount:

- \$57,200,000.

The commission shall identify the strategies and objectives out of which the reductions in unencumbered amounts are to be made.

Committee Substitute House Bill 10 reduces the unencumbered amount of general revenue dedicated funds appropriated to the Texas Workers' Compensation Commission from General Revenue Dedicated Account No. 5101 (the Subsequent Injury Fund) for use during the state fiscal biennium ending August 31, 2005, by the following amount:

- \$6,000,000.

The commission shall identify the strategies and objectives out of which the reductions in unencumbered amounts are to be made.

Committee Substitute House Bill 10 reduces the amount of general revenue funds appropriated to the Texas Historical Commission for use of the Emancipation Juneteenth Cultural and Historical Commission during the state fiscal biennium ending August 31, 2005, by the following amount:

- \$415,000.

Committee Substitute House Bill 10 requires that on August 1, 2005, and on such other dates deemed necessary by the Legislative Budget Board, each entity appropriated money by this Act and each agency for which an amount of appropriations is reduced by this Act shall report to the board, in a format specified by the board, the information requested by the board regarding use

of the money appropriated by this Act or the measures taken to reduce appropriations as required by this Act.

The provisions of Committee Substitute House Bill 10 that make appropriations out of the Economic Stabilization Fund or out of matching federal funds the receipt of which is dependent on an appropriation out of the Economic Stabilization Fund take effect only if this Act receives the vote required by Section 49-g, Article III, Texas Constitution.

EFFECTIVE DATE

Upon passage.

COMPARISON OF ORIGINAL TO SUBSTITUTE

Committee Substitute House Bill 10 modifies the funding sources of supplemental appropriations for the following agencies:

- Teacher Retirement System of Texas; and
- Texas Education Agency.

The substitute modifies the funding sources and amounts of supplemental appropriations for the following agencies:

- Health and Human Services Commission;
- Department of Family and Protective Services; and
- Texas Education Agency.

The substitute modifies the amounts of supplemental appropriations for the following agencies:

- Health and Human Services Commission;
- Department of Aging and Disability Services;
- Texas Department of Criminal Justice; and
- Agencies and institutions that on August 31, 2003, owned real property purchased with general revenue or general revenue dedicated funds and that had appropriations reduced under Section 12.04 (d), Article IX, Chapter 1330, Acts of the 78th Legislature, Regular Session, 2003 (the General Appropriations Act) during the current biennium.

The substitute modifies the limitation on the number of full-time equivalent employees (FTEs) prescribed for the predecessor agency of and the existing Department of Family and Protective Services.

The substitute authorizes supplemental appropriations for the following agencies:

- Health and Human Services Commission;
- Department of Aging and Disability Services;
- Teacher Retirement System of Texas;
- Texas Education Agency;
- Parks and Wildlife Department; and
- Texas Commission on Environmental Quality.

The substitute reduces funding for the Texas Historical Commission for use of the Emancipation Juneteenth Cultural and Historical Commission during the current biennium.

The substitute clarifies the provision relating to the appropriation of certain unexpended balances.

The substitute adds a provision relating to Economic Stabilization Fund appropriations.

The substitute deletes the provision in the original regarding the supplemental appropriation to the Texas Education Agency for the payment of legal fee awards.