

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 25, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB15 by Chisum (Relating to making supplemental appropriations and reductions in appropriations and giving direction, transfer authority, and other adjustment authority regarding appropriations.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB 15, As Passed 2nd House: a negative impact of (\$456,220,051) through the biennium ending August 31, 2009.

Appropriations:

Fiscal Year	Appropriation out of <i>GENERAL REVENUE</i> <i>FUND</i> 1	Appropriation out of <i>STATE HIGHWAY</i> <i>FUND</i> 6	Appropriation out of <i>All Affected General</i> <i>Revenue-Dedicated</i> <i>Accounts</i>	Appropriation out of <i>All Affected Other</i> <i>Funds</i>
2007	(\$298,433,659)	\$0	\$38,806,003	(\$443,881)
2008	\$376,176,855	\$437,839	\$3,639,198	\$247,732
2009	\$378,476,855	\$437,839	\$3,639,198	\$247,732

Fiscal Year	Appropriation out of <i>FEDERAL FUNDS</i>
2007	\$173,833,451
2008	\$546,666,623
2009	\$533,536,623

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2007	\$298,433,659
2008	(\$376,176,855)
2009	(\$378,476,855)
2010	\$0
2011	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Savings from <i>STATE HIGHWAY</i> <i>FUND</i> 6	Probable (Cost) from <i>STATE HIGHWAY</i> <i>FUND</i> 6
2007	\$580,576,368	(\$282,142,709)	\$0	\$0
2008	\$15,527,240	(\$391,704,095)	\$41,625	(\$479,464)
2009	\$31,227,240	(\$409,704,095)	\$41,625	(\$479,646)
2010	\$0	\$0	\$0	\$0
2011	\$0	\$0	\$0	\$0

Fiscal Year	Probable Savings from All Affected General Revenue-Dedicated Accounts	Probable (Cost) from All Affected General Revenue-Dedicated Accounts	Probable Savings from All Affected Other Funds	Probable (Cost) from All Affected Other Funds
2007	\$294,245	(\$37,100,248)	\$443,881	\$0
2008	\$664,612	\$4,303,809	\$186,262	(\$433,994)
2009	\$664,612	\$4,303,809	\$186,262	(\$433,994)
2010	\$0	\$0	\$0	\$0
2011	\$0	\$0	\$0	\$0

Fiscal Year	Probable Savings from FEDERAL FUNDS	Probable (Cost) from FEDERAL FUNDS	Change in Number of State Employees from FY 2006
2007	\$0	(\$173,833,451)	124.0
2008	\$185,504	(\$546,852,126)	124.0
2009	\$40,585,504	(\$574,122,126)	124.0
2010	\$0	\$0	124.0
2011	\$0	\$0	124.0

Fiscal Analysis

The bill would make supplemental appropriations and reduce appropriations for Fiscal Years 2007-2009.

The bill would take effect immediately upon enactment.

Fiscal Year 2007 Appropriations and Reductions:

The bill would make the following appropriations in Fiscal Year 2007:

\$3,678,942 to the Austin Community College and \$1,424,764 to the South Plains College to fund group health insurance;

\$27,000,000 to the Texas Department of Criminal Justice to fund the provision of salaries and wages, hazardous duty and longevity pay, overtime pay, contractual rate adjustments, utilities, and fuel, as well as \$12,940,619 to fund correctional managed health care;

\$1,823,075 to the Texas Medical Board to fund the repayment of the fiscal year 2006 Governor's Emergency and Deficiency Grant and licensing and enforcement operating expenses including six full-time equivalents (FTEs);

\$463,202 to the Texas Department of Licensing and Regulation to fund obligations and unanticipated costs of relocating the former Cosmetology Commission and former Board of Barber Examiners;

\$2,847,069 to the Texas Building and Procurement Commission to to fund utility payments;

\$13,645,120 to Texas Southern University to fund deferred maintenance and other expenses, this appropriation would be contingent the development of a suitable plan or reorganization or the placement of the university under conservatorship;

\$44,730,767 to the Texas Forest Service to fund reimbursements for costs related to wildfire;

\$45,000 to the Sam Houston State University to fund salary, office, and travel expenses for the Texas Forensic Science Commission and includes one FTE;

\$1,681,615 to the Adjutant General's Department to fund salaries, wages, maintenance, and operations;

\$2,595 to the Structural Pest Control Board, \$33,370 to the School for the Blind and Visually

Impaired, \$139,207 to the School for the Deaf, and \$3,383 to the Eleventh Court of Appeals, Eastland to fund the restoration of reductions in appropriations for commercial air travel made pursuant to Section 5.09, Article IX, Chapter 1369, Acts of the 79th Legislature, Regular Session, 2005 (the General Appropriations Act);

\$50,747 to the Supreme Court of Texas to fund grants to appellate courts for additional court staff to handle multi-district litigation cases;

\$275,300,000 to the Health and Human Services Commission to fund any purpose for which the Health and Human Services Commission or health and human services agency received an appropriation under Chapter 1369, Acts of the 79th Legislature, Regular Session (2005), and \$4,000,000 to fund an one-time facility start up cost for a settlement house in northeast Houston, contingent on the provision of facility operating costs by Harris County and the donation of the land for the facility;

\$5,335,565 to the Department of Family and Protective Services to fund the continuation of child protective services reform, including 245 FTEs, and an additional \$2,555,837 in capital budget authority for programming expenses;

\$8,550,000 to the Department of Aging and Disability to fund the restoration of provider rates to fiscal year 2003 levels in programs for home and community-based services, in programs for community living assistance and support services (Class), in the Texas Home Living Waiver program, and in Intermediate Care Facilities for the mentally retarded;

\$4,100,000 to the Comptroller of Public Accounts to fund support for the comptroller's tax administration duties and statewide fiscal responsibilities;

\$2,000,000 to the General Land Office and Veteran's Land Board to fund the removal and disposal of the Zeus jack rig, an off-shore oil platform abandoned in the Freeport Channel;

\$5,000,000 to the Secretary of State to fund reimbursements to each county in the state for expenses incurred by the election held on May 12, 2007;

\$2,800,000 to the Texas Commission on Environmental Quality to fund supporting efforts to extinguish the fire in or near the city of Helotes, \$1,500,000 to fund the removal of solid waste and recycling debris from the Walker Branch facility in Fort Worth, and \$200,000 contingent on SB 1604 or similar legislation enacted by the 80th Legislature, Regular Session (2007);

\$20,000,000 to the Texas Youth Commission for operating expenses;

\$13,100,000 to the University of Texas Medical Branch at Galveston for nonreimbursed losses resulting from the interruption in services and operations caused by Hurricane Rita;

\$2,550,000 to the University of Houston for the purpose of meeting the financial needs of students enrolled at the university who were victims of Hurricane Katrina;

\$50,000 to Angelo State University to make utility payments;

\$8,081,368 to the Department of Information Resources for the purpose of transferring funds to certain agencies for data center services payments; and

\$30,000,000 to the Public Utilities Commission to provide the low income discount program.

The bill would reduce appropriations for the following agencies as a result of reduced costs due to the implementation of Chapter 1068, Acts of the 79th Legislature, Regular Session, 2005 (House Bill 1516): \$1,180,167 to the Employees Retirement System for decreased retirement program and insurance program costs, and \$671,435 to the Comptroller of Public Accounts for decreased social security and salary costs.

The bill would require the Texas Tech Health Science Center to transfer a maximum of \$4,500,000 of non-Medicaid state-appropriated funds to the Health and Human Services Commission for the state contribution under the private hospital upper payment limit program.

The bill would repeal previously authorized deferrals of August 2007 payments and authorize the following interagency transfers from unencumbered amounts appropriated to the Health and Human Services Commission: \$122,701,559 to the Department of Aging and Disability Services and \$12,792,244 to the Department of Family and Protective Services to fund August 2007 services; \$1,541,628 to the Department of Assistive and Rehabilitative Services to fund vocational rehabilitation; and \$13,047,00 to the Department of Family and Protective Services to fund various supplemental needs.

The bill would require the Department of State Health Services to transfer \$9,700,000 in appropriations made by Chapter 1369, Acts of the 79th Legislature, Regular Session (2005) under Strategy A.3.3, Kidney Health Care, to Strategt F.2.1, Capital Items-Public Health to fund information technology projects.

The bill would reduce the unencumbered appropriations made by Chapter 1369, Acts of the 79th Legislature, Regular Session (2005) under Strategy A.3.1 to the Teacher Retirement System by \$76,644,468.

The bill would reduce the vetoed funds appropriations made by Section 13.18, Article IX, Chapter 1369, Acts of the 79th Legislature, Regular Session (2005) by \$472,818,424.

The bill would reduce the appropriations made by Section 5, Chapter 1362, Acts of the 79th Legislature, Regular Session (2005) by \$30,000,000.

Fiscal Years 2008-09 Appropriations and Reductions:

The bill would make the following appropriations in Fiscal 2008-2009 biennium:

\$25,000,000 to Texas Southern University to fund the Academic Development Initiative, this appropriation would be contingent the development of a suitable plan or reorganization or the placement of the university under conservatorship;

\$10,000,000 to Prairie View A&M University to fund the Academic Development Initiative;

\$27,200,000 to the Department of Aging and Disability to fund the restoration of provider rates to fiscal year 2003 levels in programs for home and community-based services, in programs for community living assistance and support services (Class), in the Texas Home Living Waiver program, and in Intermediate Care Facilities for the mentally retarded, and \$45,270,000 to fund a rate increase to certain home health providers; and

\$11,000,000 to the Department of State Health Services to fund the purchase of antiviral drugs for use in the event of an influenza pandemic, and \$7,000,000 to fund operations of the University of Texas Harris County Psychiatric Center.

The bill would make appropriations to the following agencies to fund data center services payments:

\$154,354 to the Railroad Commission of Texas

\$5,981,169 to the Texas Commission on Environmental Quality

\$2,336,470 to the Texas Workforce Commission

\$958,928 to the Texas Department of Transportation

\$2,734,431 to the Parks and Wildlife Department

\$339,523 to the Texas State Library and Archive Commission

\$773,164 to the Secretary of State

\$2,210,354 to the Texas Education Agency

\$1,154,331 to the Texas Higher Education Coordinating Board

\$519,429 to the Public Utility Commission of Texas

\$78,920 to the General Land Office

\$1,929,901 to the Office of the Attorney General
\$329,626 to the Texas Alcoholic Beverage Commission
\$147,631 to the Texas Department of Licensing and Regulation
\$2,466,681 to the Texas Water Development Board
\$839,500 to the Texas Youth Commission.

The bill would reduce appropriations for the following agencies to fund data center services payments as a result of reduced costs due to the implementation of Chapter 1068, Acts of the 79th Legislature, Regular Session, 2005 (House Bill 1516):

\$2,065,633 to the Texas Department of Insurance
\$2,563,316 to the Department of Family and Protective Services
\$225,000 to the Department of Public Safety
\$1,67,806 to the Texas Building and Procurement Commission
\$105,478 to the Department of Agriculture.

The bill would make appropriations to the following agencies to fund data center consolidation hardware upgrades and physical transfer of equipment:

\$236,000 to the Railroad Commission of Texas
\$579,000 to the Texas Commission on Environmental Quality
\$1,389,000 to the Texas Workforce Commission
\$214,000 to the Parks and Wildlife Department
\$492,000 to the Texas Department of Insurance
\$44,000 to the Texas State Library and Archive Commission
\$96,000 to the Secretary of State
\$636,000 to the Texas Education Agency
\$146,000 to the Texas Higher Education Coordinating Board
\$23,000 to the Public Utility Commission of Texas
\$1,980 to the General Land Office
\$45,000 to the Department of Public Safety
\$141,000 to the Office of the Attorney General
\$48,000 to the Texas Alcoholic Beverage Commission
\$41,000 to the Texas Building and Procurement Commission
\$126,582 to the Texas Department of Agriculture
\$13,000 to the Texas Department of Licensing and Regulation
\$83,000 to the Texas Water Development Board
\$138,000 to the Texas Youth Commission

The bill would reduce the unencumbered appropriations made by HB 1, 80th Legislature, Regular Session (2007) under Strategy C.1.1. for the Children's Health Insurance Program to the Health and Human Services Commission by \$56,100,000.

The bill would reduce the unencumbered appropriations made by HB 1, 80th Legislature, Regular Session (2007) under Strategy C.1.6, Institutional Operations and Maintenance for the Texas Department of Criminal Justice by \$27,000,000.

The bill would provide direction, information, transfer authority, capital budget authority, and full-time-equivalent employee (FTE) authority in relation to the *Linda Frew, et al. v. Albert Hawkins, et al.* lawsuit regarding amounts appropriated by any Act of the 80th Legislature, Regular Session (2007). Under the provisions of the bill, \$1,779,900,000 is appropriated for the *Frew* settlement.

The bill would authorize the Health and Human Services Commission to transfer funds appropriated to the commission under Goal C: CHIP Services by Chapter 1369, Acts of the 79th Legislature, Regular Session (2005) (page II-70, General appropriations Act), to other goals and strategies as necessary to comply with the provisions of the bill. The bill would also authorize the commission to make staffing changes and exceed capital authority limitations if the executive commissioner determines that a service performed under a contract would be more effectively performed by state personnel.

The bill would authorize the Comptroller, with the assistance of the affected agency, to allocate the appropriation or reduction in appropriations made in the bill, among the dedicated accounts or sources of other funds according to the amounts available in the affected accounts or sources of other funds and the extent to which the programs supported by the dedicated accounts or sources of other funds are supported by the appropriation or, in the case of a reduction in appropriations, supported by the implementation of Chapter 1068, Acts of the 79th Legislature, Regular Session (2005) (HB 1516).

Methodology

This analysis assumes immediate effect.

Fiscal Year 2007 Appropriations and Reductions:

All appropriations and reductions are entirely from the General Revenue Fund (Fund 0001) with the exception of the items listed below.

The \$1,823,075 appropriation to the Texas Medical Board would be \$1,222,827 in General Revenue and \$600,248 General Revenue-Dedicated Account No. 5105 (Public Assurance).

The \$275,300,000 to the Health and Human Services Commission would be \$110,000,000 in General Revenue and \$165,300,000 in Federal Matching Funds.

The \$5,335,565 appropriation to the Department of Family and Protective Services for child protective services reform would be \$1,952,114 from the General Revenue Fund and \$3,383,451 in matching Federal Funds (TANF).

The \$8,550,000 appropriation to the Department of Aging and Disability Services for 2003 provider rate restoration would be \$3,400,000 from the General Revenue Fund and \$5,150,000 from Federal Funds.

The \$2,000,000 appropriation to the General Land Office and Veteran's Land Board for the derelict oil structure removal would be from the General Revenue-Dedicated Account No. 27 (Coastal Protection).

The \$2,800,000 appropriation to the Texas Commission on Environmental Quality for the Helotes fire and the \$1,500,000 for the Walker Branch facility would be from the General Revenue-Dedicated Account No. 5000 (Solid Waste Disposal Fees); the \$200,000 appropriation would be from the General Revenue-Dedicated Account No. 0549 (Waste Management Account).

The \$30,000,000 appropriation to the Public Utilities Commission for the low income discount program would be from the General Revenue-Dedicated Account No. 5100 (System Benefit Fund).

The appropriations reductions relating to the implementation of Chapter 1068, Acts of the 79th Legislature, Regular Session, 2005 (House Bill 1516) would be:

\$221,782 from the General Revenue Fund, \$58,608 from General Revenue-Dedicated Accounts, and \$88,412 from Other Funds to the Employees Retirement System for decreased retirement costs;

\$487,921 from the General Revenue Fund, \$128,937 from General Revenue-Dedicated Accounts, and \$194,507 from Other Funds to the Employees Retirement System for decreased insurance program costs;

\$263,044 from the General Revenue Fund, \$69,511 from General Revenue-Dedicated Accounts, and \$104,861 from Other Funds to the Comptroller of Public Accounts for decreased social security costs; and

\$140,729 from the General Revenue Fund, \$37,189 from General Revenue-Dedicated Accounts, and \$56,101 from Other Funds to the Comptroller of Public Accounts for decreased salary costs.

Fiscal Years 2008-09 Appropriations and Reductions:

All appropriations and reductions are entirely from the General Revenue Fund (Fund 0001) with the exception of the items listed below.

The \$1,779,900,000 appropriation for the *Frew* settlement would be \$706,700,000 in General Revenue and \$1,073,000 in Federal Funds.

The \$27,200,000 appropriation to the Department of Aging and Disability Services for 2003 provider rate restoration would be \$10,800,000 from the General Revenue Fund and \$16,400,000 from Federal Funds, and the \$45,270,000 certain home health providers rate increase would be \$18,000,000 from the General Revenue Fund and \$27,200,000 from Federal Funds.

Appropriations to fund data center services payments that are not entirely made from the General Revenue Fund include:

The \$5,981,169 appropriation to the Texas Commission on Environmental Quality would be \$1,124,521 from the General Revenue Fund and \$4,856,648 from General Revenue-Dedicated Accounts;

The \$2,336,470 appropriation to the Texas Workforce Commission would be \$381,705 from the General Revenue Fund, \$17,699 from General Revenue-Dedicated Accounts, and \$1,937,066 from Federal Funds;

The \$958,928 appropriation to the Texas Department of Transportation would be from the State Highway Fund (Fund 006);

The \$2,734,431 appropriation to the Park and Wildlife Department would be from General Revenue-Dedicated Accounts;

The \$2,210,354 appropriation to the Texas Education Agency would be \$1,295,979 from the General Revenue Fund, \$136,277 from Other Funds, and \$778,098 from Federal Funds; and

The \$1,154,331 appropriation to the Texas Higher Education Coordinating Board would be \$552,478 from the General Revenue Fund, \$590,858 from Other Funds, and \$10,995 from Federal Funds.

Appropriations to fund data center consolidation hardware upgrades and physical transfer of equipment that are not entirely made from the General Revenue Fund include:

The \$579,000 appropriation to the Texas Commission on Environmental Quality would be \$108,858 from General Revenue and \$470,142 from General Revenue-Dedicated Accounts.

The \$1,389,000 appropriation to the Texas Workforce Commission would be \$226,919 from General Revenue, \$10,522 from General Revenue-Dedicated Accounts, and \$1,151,559 from Federal Funds.

The \$214,000 appropriation to the Parks and Wildlife Department would from General Revenue-Dedicated Accounts.

The \$492,000 appropriation to the Texas Department of Insurance would be \$217,369 from General Revenue and \$274,631 from General Revenue-Dedicated Accounts.

The \$636,000 appropriation to the Texas Education Agency would be \$371,424 from General Revenue, \$39,432 from Other Funds, and \$225,144 from Federal Funds.

The \$146,000 appropriation to the Texas Higher Education Coordinating Board would be \$69,878 from General Revenue, \$74,732 from Other Funds, and \$1,390 from Federal Funds.

The \$45,000 appropriation to the Department of Public Safety would be \$28,350 from General Revenue-Dedicated Accounts and \$16,650 from Other Funds.

The \$41,000 appropriation to the Texas Building and Procurement Commission would be \$29,767 from General Revenue, \$1,195 from General Revenue-Dedicated Accounts, and \$10,038 from Other Funds.

The appropriations reductions relating to the implementation of Chapter 1068, Acts of the 79th Legislature, Regular Session, 2005 (House Bill 1516) relating to data center services payments include:

The \$2,065,633 reduction to the Texas Department of Insurance would be \$912,610 from the General Revenue Fund and \$1,153,023 from General Revenue-Dedicated Accounts;

The \$2,563,316 reduction to the Department of Family and Protective Services would be \$2,192,309 from the General Revenue Fund and \$371,007 from Federal Funds;

The \$225,000 reduction to the Department of Public Safety would be \$141,750 from General Revenue-Dedicated Accounts and \$83,250 from the State Highway Fund (Fund 006); and

The \$1,167,806 reduction to the Texas Building and Procurement Commission would be \$844,083 from the General Revenue Fund, \$34,450 from General Revenue-Dedicated Accounts, and \$289,273 from Other Funds.

The \$56,100,000 reduction to the Health and Human Services Commission would be \$15,700,000 from the General Revenue Fund and \$40,400,00 from Federal Funds.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, EB