

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82nd LEGISLATURE 1st CALLED SESSION - 2011

June 12, 2011

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB2 by Ogden (Appropriating money for the support of state government for the period beginning September 1, 2011 and ending August 31, 2013; and authorizing and prescribing conditions, limitations, rules, and procedures for allocating and expending the appropriated funds; and declaring an emergency.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2, As Passed 2nd House: a negative impact of (\$29,371,986,863) through the biennium ending August 31, 2013.

Appropriations:

Fiscal Year	Appropriation out of <i>General Revenue Fund</i> 1	Appropriation out of <i>Available School Fund</i> 2	Appropriation out of <i>Foundation School Fund</i> 193	Appropriation out of <i>Lottery Proceeds</i> 902
2012	\$72,775,742	\$1,249,948,815	\$13,473,614,119	\$1,002,457,000
2013	\$128,190,935	\$1,876,989,252	\$10,561,900,000	\$1,006,111,000

Fiscal Year	Appropriation out of <i>General Revenue Dedicated Funds</i>	Appropriation out of <i>Federal Funds</i>	Appropriation out of <i>State Highway Fund</i> 6	Appropriation out of <i>Appropriated Receipts</i> 666
2012	\$42,833,300	\$87,670,192	\$0	\$907,250,000
2013	\$81,894,287	\$185,839,021	\$696,386	\$835,600,000

Fiscal Year	Appropriation out of <i>Property Tax Relief Fund</i> 304
2012	\$2,198,994,000
2013	\$2,338,574,000

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	(\$15,798,795,676)
2013	(\$13,573,191,187)
2014	\$0
2015	\$0
2016	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable (Cost) from Available School Fund 2	Probable (Cost) from Foundation School Fund 193	Probable (Cost) from Lottery Proceeds 902
2012	(\$72,775,742)	(\$1,249,948,815)	(\$13,473,614,119)	(\$1,002,457,000)
2013	(\$128,190,935)	(\$1,876,989,252)	(\$10,561,900,000)	(\$1,006,111,000)
2014	\$0	\$0	\$0	\$0
2015	\$0	\$0	\$0	\$0
2016	\$0	\$0	\$0	\$0

Fiscal Year	Probable (Cost) from General Revenue Dedicated Funds	Probable (Cost) from Federal Funds	Probable (Cost) from State Highway Fund 6	Probable (Cost) from Appropriated Receipts 666
2012	(\$42,833,300)	(\$87,670,192)	\$0	(\$907,250,000)
2013	(\$81,894,287)	(\$185,839,021)	(\$696,386)	(\$835,600,000)
2014	\$0	\$0	\$0	\$0
2015	\$0	\$0	\$0	\$0
2016	\$0	\$0	\$0	\$0

Fiscal Year	Probable (Cost) from Property Tax Relief Fund 304	Change in Number of State Employees from FY 2011
2012	(\$2,198,994,000)	15.0
2013	(\$2,338,574,000)	23.0
2014	\$0	0.0
2015	\$0	0.0
2016	\$0	0.0

Fiscal Analysis

Section 4 of the bill would amend the Texas Education Agency bill pattern in Article III of the General Appropriations Act.

Certain other sections of the bill would make either direct appropriations or would make appropriations contingent upon the passage of other legislation. Further, a number of sections provide clarification of, or direction to, appropriations made in House Bill 1, 82nd Legislature, Regular Session.

Methodology

Sections 2, 12, 13, 17, 18, 19 and 32 make certain direct appropriations to various agencies, including appropriations to the Law Enforcement and Custodial Officer Supplemental Retirement Fund administered by the Employees Retirement System, Sul Ross State University for institutional operations, the Texas State University System for system operations, the Supreme Court of Texas for basic civil legal services, the Office of Court Administration for indigent defense, the Texas State Technical College - Waco for institutional operations, the Lamar Institute of Technology for institutional operations, and to several state agencies from license plate proceeds.

Sections 3, 5, 6, 8, 9, 10, 16, 27, 31 and 33 make certain appropriations contingent upon passage of other legislation, including appropriations to the Texas Public Finance Authority for debt service on bonds issue to the Cancer Prevention and Research Institute of Texas, the Office of Court Administration from certain license fees, the Railroad Commission from certain oil and gas and pipeline safety fees, certain health and human service agencies due to managed care expansion, the Health and Human Service Commission for the Institute of Health Care Quality and Efficiency, the Texas Department of Insurance for health care collaboratives, the Texas Department of Insurance and the Texas Public Finance Authority for provisions relating to the Texas Windstorm Insurance Association, the Department of State Health Services for trauma care fellowships, the Texas Department of Criminal Justice from inmate health care fees, and the Higher Education Coordinating

Board for the Texas Armed Services Scholarship Program.

Section 4 of the bill would make an appropriation to the Texas Education Agency of \$15.7 billion in General Revenue, \$18.8 billion in All Funds, in fiscal year 2012 and \$13.4 billion in General Revenue, \$16.6 billion in All Funds, in fiscal year 2013 for the purpose of funding payments to school districts for state aid under the Foundation School Program (FSP). These appropriated amounts include adjustments referenced in subsections c, d, and e of Section 4 of the bill, reflecting updated estimates of projected FSP costs (subsection c), the assumption of a decrease in cost in FY2013 of \$2.3 billion contingent on enactment of legislation enabling deferral of the August 2013 FSP payment to the following fiscal year (subsection d), and the assumption of voter approval of the constitutional amendment associated with and subsequent transfer of funds from the General Land Office to the Available School Fund pursuant to the provisions of HJR 109, Eighty-second Legislature, Regular Session, 2011 (subsection e). The appropriation made in this bill is contingent on enactment of legislation amending Chapter 42 of the Texas Education Code to adjust state aid payments to the level of appropriation. For purposes of this estimate, the cost of the Foundation School Program is estimated at \$15.7 billion in General Revenue, \$18.8 billion in All Funds, in fiscal year 2012 and \$13.4 billion in General Revenue, \$16.6 billion in All Funds, in fiscal year 2013.

Section 29 provides for an appropriation from the Economic Stabilization Fund in the 2012-13 biennium to the Texas Education Agency for the Foundation School Program contingent on Comptroller certification that the balance in the Economic Stabilization Fund exceeds the estimate of the fund balance provided in the 2012-13 *Biennial Revenue Estimate* as revised on May 17, 2011.

The other sections of the bill provide clarification of, or direction to, appropriations made in House Bill 1, 82nd Legislature, Regular Session.

Local Government Impact

The appropriation made in this bill would deliver funding for school district entitlements to state aid under the Foundation School Program, assuming the contingencies referenced above.

Source Agencies:

LBB Staff: JOB, KK, WP, UP, JSc