

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

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

**June 24, 2011**

**TO:** Honorable David Dewhurst, Lieutenant Governor, Senate  
 Honorable Joe Straus, Speaker of the House, House of Representatives

**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.), **Conference Committee Report**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB2, Conference Committee Report: a negative impact of (\$29,459,109,022) through the biennium ending August 31, 2013.

**Appropriations:**

Fiscal Year	Appropriation out of <i>General Revenue Fund</i> <b>1</b>	Appropriation out of <i>Available School Fund</i> <b>2</b>	Appropriation out of <i>Foundation School Fund</i> <b>193</b>	Appropriation out of <i>Lottery Proceeds</i> <b>902</b>
2012	\$157,691,701	\$1,249,948,815	\$13,473,614,119	\$1,002,457,000
2013	\$130,397,135	\$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> <b>6</b>	Appropriation out of <i>Appropriated Receipts</i> <b>666</b>
2012	\$49,194,800	\$87,670,192	\$0	\$907,250,000
2013	\$83,255,787	\$185,839,021	\$696,386	\$835,600,000

Fiscal Year	Appropriation out of <i>Property Tax Relief Fund</i> <b>304</b>	Appropriation out of <i>Interagency Contracts</i>
2012	\$2,198,994,000	\$228,800
2013	\$2,338,574,000	\$228,800

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	(\$15,883,711,635)
2013	(\$13,575,397,387)
2014	\$0
2015	\$0
2016	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from General Revenue Fund 1</b>	<b>Probable (Cost) from Available School Fund 2</b>	<b>Probable (Cost) from Foundation School Fund 193</b>	<b>Probable (Cost) from Lottery Proceeds 902</b>
2012	(\$157,691,701)	(\$1,249,948,815)	(\$13,473,614,119)	(\$1,002,457,000)
2013	(\$130,397,135)	(\$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

<b>Fiscal Year</b>	<b>Probable (Cost) from General Revenue Dedicated Funds</b>	<b>Probable (Cost) from Federal Funds</b>	<b>Probable (Cost) from State Highway Fund 6</b>	<b>Probable (Cost) from Appropriated Receipts 666</b>
2012	(\$49,194,800)	(\$87,670,192)	\$0	(\$907,250,000)
2013	(\$83,255,787)	(\$185,839,021)	(\$696,386)	(\$835,600,000)
2014	\$0	\$0	\$0	\$0
2015	\$0	\$0	\$0	\$0
2016	\$0	\$0	\$0	\$0

<b>Fiscal Year</b>	<b>Probable (Cost) from Property Tax Relief Fund 304</b>	<b>Probable (Cost) from Interagency Contracts</b>	<b>Change in Number of State Employees from FY 2011</b>
2012	(\$2,198,994,000)	(\$228,800)	15.0
2013	(\$2,338,574,000)	(\$228,800)	23.0
2014	\$0	\$0	0.0
2015	\$0	\$0	0.0
2016	\$0	\$0	0.0

**Fiscal Analysis**

Section 5 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 affect 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 or House Bill 4, 82nd Legislature, Regular Session.

**Methodology**

Sections 2, 13, 14, 16, 17, 18, 19, 24, 25, 26, 29, 30, and 31 make certain direct appropriations to various agencies and institutions of higher education, including appropriations to the Law Enforcement and Custodial Officer Supplemental Retirement Fund administered by the Employees Retirement System, the Supreme Court of Texas for basic civil legal service, the Office of Court Administration for indigent defense, the Trusteed Programs within the Office of the Governor for disaster relief, the Texas State Technical College - Waco for institutional operations, the Lamar Institute of Technology for institutional operations, the Health and Human Services Commission for the public cord blood bank, Sul Ross State University for institutional operations, to several state agencies from license plate proceeds, the Texas State University System for system operations, the Comptroller of Public Accounts - Fiscal Programs for the Jobs and Education for Texans program, the Texas Forest Service for combating wildfire, the Department of Public Safety for border security, and the Texas Parks and Wildlife Department for Border Security.

Sections 3, 4, 6, 7, 8, 9, 10, 11, 12, 15, 20, 22, 23, 27, 32, and 33 affect certain appropriations contingent upon passage of other legislation or revenue in excess of the Biennial Revenue Estimate, including appropriations to the Department of State Health Services for trauma care fellowships, 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, the Secretary of State for voter registration payments, the Texas Workforce Commission for the Texas Back to Work Program, the Texas Department of Housing and Community Affairs for the Homeless Housing Program, 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 Commission on State Emergency Communications for 9-1-1 equipment replacement, the Texas Department of Insurance and the Texas Public Finance Authority for provisions relating to the Texas Windstorm Insurance Association, the Texas Department of Criminal Justice from inmate health care fees, the Higher Education Coordinating Board for the Texas Armed Services Scholarship Program, the Texas Education Agency for charter school bonds, the Texas Department of Agriculture (TDA) for the transfer of certain functions from the Texas Department of Rural Affairs to the TDA, and the General Land Office (GLO) for the transfer of certain functions from the Texas Department of Rural Affairs and the Texas Department of Housing and Community Affairs to the GLO.

Section 5 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.

The other sections of the bill provide clarification of, or direction to, appropriations made in House Bill 1, 82nd Legislature, Regular Session or House Bill 4, 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, UP, SD, WP, JSc