

BILL ANALYSIS

C.S.S.B. 500
By: Nelson
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. This projection, when combined with the biennial revenue estimate, is a key component in the construction of the General Appropriations Act. These estimates are not always accurate and may require certain supplemental appropriations and adjustments to previously appropriated sums to align with revised revenue estimates and supplemental needs. C.S.S.B. 500 seeks to make those adjustments and give direction regarding certain appropriations.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

C.S.S.B. 500 makes the following reductions to the unencumbered appropriations made by the General Appropriations Act adopted by the 85th Legislature for use during the 2018-2019 state fiscal biennium:

- a total aggregate of \$35,078,954 from the appropriations made to the Texas Public Finance Authority (TPFA) from the general revenue fund for bond debt service payments, including appropriations subject to Rider 3, to the bill pattern of the appropriations to TPFA;
- \$17,589,128 from the appropriations made to the Texas Facilities Commission (TFC) from the general revenue fund for lease payments;
- \$643,300,000 from the appropriations made to the Texas Education Agency (TEA) from the foundation school fund for equalized operations;
- \$2,000,000 from the appropriations made to the Health and Human Services Commission (HHSC) from the economic stabilization fund, also known as the rainy day fund, for facility capital repairs and renovations, as listed in that act and subject to Rider 221(b) to the bill pattern of the appropriations to HHSC;
- \$48,600,000 from the appropriations made to the General Land Office (GLO) from the general revenue fund for rebuilding housing; and

- \$8,481,040 from the appropriations made to the Department of Family and Protective Services (DFPS) from federal Temporary Assistance for Needy Families funds for relative caregiver payments.

The bill requires TPFA and the TFC, respectively, to identify the strategies and objectives to which the applicable reductions are to be allocated and the amount of the reduction for each of those strategies and objectives. The bill sets the sum-certain appropriation to the foundation school program for the 2019 state fiscal year at \$21,919,735,602.

C.S.S.B. 500 makes the following appropriations in addition to amounts previously appropriated for the 2018-2019 state fiscal biennium:

- \$4,400,000 from the general revenue fund to the Texas State Library and Archives Commission (TSLAC) for the two-year period beginning on the bill's effective date for renovating the Promontory Point Drive facility in the city of Austin, Texas, for the storage of public records;
- \$400,000 from the general revenue fund to the judiciary section of the office of the comptroller of public accounts for visiting judge assignments to fill district court vacancies;
- \$546,589 from the general revenue fund to the judiciary section for reimbursing counties for longevity pay made to eligible assistant district attorneys;
- from the rainy day fund, the amount necessary to fund the prepaid higher education tuition program for the two-year period beginning on the bill's effective date (estimated to be \$210,981,159) for that period for the purpose of immediately depositing that amount in the Texas tomorrow fund;
- \$50,000,000 from the rainy day fund to the trusted programs within the governor's office for the two year period beginning on the bill's effective date for engaging public institutions of higher education with private sector industries to establish and equip a proving ground site and to commercialize and manufacture critical emerging technologies for infrastructure networks, public safety, and national defense;
- \$110,000,000 from the rainy day fund to HHSC for the 2019 state fiscal year for Medicaid client services for children to replace money transferred to disaster assistance programs to address needs resulting from Hurricane Harvey;
- \$2,100,000,000 from the general revenue fund and \$2,300,000,000 from federal funds to HHSC for the 2019 state fiscal year for other Medicaid client services;
- \$2,000,000 from the rainy day fund to HHSC for the two-year period beginning on the bill's effective date for continuing improvements to state hospital facilities as follows:
 - \$1,000,000 for preplanning activities related to construction of a new state hospital in the Panhandle region; and
 - \$1,000,000 for preplanning activities related to construction of a new state hospital in the Dallas area;
- \$63,832,747 from the general revenue fund to HHSC for the 2019 state fiscal year to provide funding for the health insurance providers fee as part of Medicaid client services;
- \$14,000,000 from the general revenue fund to HHSC for the 2019 state fiscal year for the Healthy Texas Women Program;
- \$37,500,000 from the general revenue fund to HHSC for the 2019 state fiscal year for mental health state hospital services;
- \$3,500,000 from the general revenue fund to HHSC for early childhood intervention services;

- \$7,200,000 from the general revenue fund to HHSC for the 2019 state fiscal year for state supported living centers;
- \$100,000,000 from the general revenue fund to HHSC for the two-year period beginning on the bill's effective date for a rate increase for children's hospitals as part of Medicaid client services;
- \$83,542,916 from the general revenue fund to DFPS for the 2019 state fiscal year for foster care payments;
- \$6,833,593 from the general revenue fund to DFPS for the 2019 state fiscal year for relative caregiver payments;
- \$23,060,052 from federal Child Care and Development Block Grant funds to DFPS for the 2019 state fiscal year for day care payments;
- \$2,068,053 from the general revenue fund and \$218,512 from federal funds to DFPS for the 2019 state fiscal year for temporary emergency foster care placements;
- \$8,852,050 from the general revenue fund to DFPS for the 2019 state fiscal year for community-based care in Region 3B;
- \$7,927,458 from the general revenue fund to the Department of State Health Services (DSHS) for the two-year period beginning on the bill's effective date for screening newborns for X-linked adrenoleukodystrophy;
- \$30,000,000 from the rainy day fund to DSHS for the two-year period beginning on the bill's effective date for increasing trauma capacity and improving related trauma response infrastructure;
- contingent on legislation of the 86th Legislature, Regular Session, 2019, authorizing TEA to reimburse school districts for post-disaster recovery becoming law, \$10,930,000 from the rainy day fund to TEA for the two-year period beginning on the bill's effective date to make reimbursements to public school districts that are recovering from a school shooting that occurred during the 2018-2019 state fiscal biennium and for the 2017-2018 school year had a student enrollment of fewer than 4,800 for uses relating to necessary and appropriate post-disaster recovery approved by TEA in accordance with procedures adopted under general law;
- \$37,657 from the general revenue fund to TEA for the 2019 state fiscal year for the adult high school diploma and industry certification charter school pilot program;
- from the rainy day fund to TEA for the 2019 state fiscal year for equalized operations, as listed in the General Appropriations Act adopted by the 85th Legislature, the following amounts for the following purposes related to the increased state costs under the foundation school program resulting from Hurricane Harvey:
 - \$271,300,000 for increased student costs, the reduction in school district property values, and the reduction of the amount owed by school districts to achieve an equalized wealth level due to disaster remediation costs; and
 - \$634,200,000 for the adjustment of school district property values and reimbursement to school districts for disaster remediation costs;
- \$1,238,238 from the general revenue fund to Kilgore College for the 2019 state fiscal year to provide for state contributions for health benefits;
- \$29,644,640 from the rainy day fund to the Texas State Technical College System Administration for the two-year period beginning on the bill's effective date for the abatement and demolition of certain facilities on the system's Waco campus;
- \$182,549,388 from the rainy day fund to the Texas Higher Education Coordinating Board for the two-year period beginning on the bill's effective date for the Texas Research Incentive Program;

- from the rainy day fund, the following amounts to the following entities for the two-year period beginning on the bill's effective date for expenses related to Hurricane Harvey:
 - \$20,288,883 to the University of Houston;
 - \$4,000,000 to the University of Houston - Downtown;
 - \$1,703,828 to the University of Houston - Victoria;
 - \$83,668 to the University of Houston - Clear Lake;
 - \$13,100,000 to the Lone Star College System; and
 - \$2,458,239.76 to the Texas A&M Forest Service;
- from the rainy day fund, the following amounts to the following entities for the two-year period beginning on the bill's effective date for property damage related to Hurricane Harvey:
 - \$1,418,585 to Lamar University;
 - \$1,312,657 to Lamar Institute of Technology;
 - \$6,319,458 to Lamar State College - Port Arthur; and
 - \$406,112 to Lamar State College - Orange;
- \$54,909,580.30 from the rainy day fund to the Texas A&M Forest Service for the 2019 state fiscal year for expenses related to wildfires;
- \$10,200,000 from the rainy day fund to The University of Texas at Austin for the two-year period beginning on the bill's effective date for storm damage prevention and compliance and the mitigation of damages related to Hurricane Harvey with regard to the Marine Science Institute;
- \$16,000,000 from the rainy day fund to Texas Southern University for the two-year period beginning on the bill's effective date for the maintenance of the university's central thermal plant and site/steam tunnels;
- \$38,600,000 from the rainy day fund to the Texas Department of Criminal Justice (TDCJ) for the 2019 state fiscal year for agency operations expenses related to correctional security operations to replace money transferred from that strategy to disaster assistance programs to address needs resulting from Hurricane Harvey;
- from the general revenue fund to TDCJ for the 2019 state fiscal year the following amounts for the following purposes:
 - \$160,000,000 for correctional managed health care; and
 - \$30,000,000 for correctional officer overtime;
- from the rainy day fund to the Department of Public Safety (DPS) for the 2019 state fiscal year the following amounts for the following strategies as listed in the General Appropriations Act adopted by the 85th Legislature for agency operations expenses related to Hurricane Harvey:
 - \$34,954,409 for Strategy A.1.1., Organized Crime;
 - \$60,000,000 for Strategy C.1.1., Traffic Enforcement; and
 - \$2,000,000 for Strategy G.1.3., Information Technology;
- \$5,770,426 from the general revenue fund to DPS for the 2019 state fiscal year for crime laboratory operations;
- contingent on legislation of the 86th Legislature, Regular Session, 2019, authorizing the establishment of a zero or low-interest disaster recovery loan program administered by the Texas Division of Emergency Management (TDEM) becoming law, the following

amounts from the rainy day fund to TDEM for the two-year period beginning on the bill's effective date:

- \$273,000,000 for the purpose of providing matching funds for projects sponsored by eligible political subdivisions and approved for the FEMA hazard mitigation grant program; and
- \$400,000,000 for the purpose of providing matching funds for projects sponsored by eligible political subdivisions and approved for the FEMA public assistance grant program;
- from the rainy day fund to the GLO for the 2019 state fiscal year the following amounts for the following strategies as listed in the General Appropriations Act adopted by the 85th Legislature to remove vessels and repair or replace structures or equipment damaged by Hurricane Harvey:
 - \$696,921 for Strategy A.2.1., Asset Management;
 - \$20,459,797 for Strategy B.1.1., Coastal Management;
 - \$430,000 for Strategy B.1.2., Coastal Erosion Control Grants; and
 - \$2,047,454 for Strategy B.2.1., Oil Spill Response;
- contingent on the nonrenewal by the bill's effective date of federal grant funding awarded by FEMA for the building of emergency short-term housing, \$4,217,510 from the rainy day fund to the GLO for the 2019 state fiscal year for full-time equivalent employees assigned to build emergency short-term housing related to Hurricane Harvey;
- \$2,000,000 from the coastal protection account to the GLO for the 2019 state fiscal year for the removal of vessels abandoned as a result of Hurricane Harvey;
- \$200,000,000 from the rainy day fund to the GLO for the two-year period beginning on the bill's effective date to provide state matching funds to meet federal requirements for studies and projects planned to be conducted in Texas by the U.S. Army Corps of Engineers;
- to the Texas Commission on Environmental Quality (TCEQ) for the 2019 state fiscal year, all fee revenues collected from expedited permit review surcharges assessed under the Texas Clean Air Act and deposited to the clean air account in excess of the estimated amount of those revenues in the comptroller's biennial revenue estimate for the 2018-2019 state fiscal biennium for costs incurred to support the expedited processing of permit applications;
- \$1,400,000 from the general revenue fund to TCEQ for the 2019 state fiscal year for litigation expenses related to the Rio Grande River Compact;
- \$17,000,000 from the rainy day fund to the Parks and Wildlife Department (TPWD) for the two-year period beginning on the bill's effective date to repair structures or equipment damaged by Hurricane Harvey;
- \$15,000,000 from the rainy day fund to TPWD for the two-year period beginning on the bill's effective date for overhaul and necessary construction related to the Wyler Aerial Tramway and the related tramway system;
- \$250,000,000 from the rainy day fund to the Texas Department of Transportation (TxDOT) for the two-year period beginning on the bill's effective date to provide grants for transportation infrastructure projects through the transportation infrastructure fund;
- \$8,931,385 from the rainy day fund to the Texas Workforce Commission for the 2019 state fiscal year for vocational rehabilitation services expenses related to Hurricane Harvey.

- \$6,099,312 from the general revenue fund to the Texas State Board of Pharmacy (TSBP) for the two-year period beginning on the bill's effective date for statewide integration of and upgrades to the prescription monitoring program database;
- contingent on compliance with the requirements regarding the amortization period of the unfunded actuarial liabilities of the Teacher Retirement System of Texas (TRS), \$658,210,000 from the rainy day fund to TRS for the 2020-2021 state fiscal biennium for the purpose of providing a one-time additional payment to certain annuitants;
- contingent on House Bill No. 9 or similar legislation of the 86th Legislature, Regular Session, 2019, relating to the contributions and benefits under TRS becoming law, \$684,000,000 from the general revenue fund to TRS for the 2020-2021 state fiscal biennium for the purpose of immediately depositing that amount as a state contribution in the TRS trust account; and
- \$148,725,414 from the general revenue fund to the Employees Retirement System of Texas (ERS) for the 2020-2021 state fiscal biennium for the purpose of immediately depositing that amount as a state contribution in the state employee retirement system trust account.

C.S.S.B. 500 requires HHSC to transfer \$5,500,000 of the additional \$4,400,000,000 appropriated to HHSC for Medicaid client services for use in delivering community mental health crisis services. Out of the remaining amounts of that supplemental appropriation, HHSC is required to reserve an amount sufficient to reimburse Medicaid providers for the cost of intensive behavioral intervention for persons under 20 years of age with autism spectrum disorder as a covered early and periodic screening, diagnostic, and treatment Medicaid benefit and restricts the spending of the reserved amount to that purpose during the 2019 state fiscal year.

C.S.S.B. 500 restricts the use of \$5,000,000 of the additional \$30,000,000 appropriated to DSHS for trauma capacity and response infrastructure to trauma service area regional advisory councils for improving emergency management services and \$25,000,000 of the additional appropriation to providing funding in accordance with state law to hospitals that demonstrate the ability to efficiently and effectively increase trauma capacity and improve related trauma response infrastructure. The bill prescribes the formula by which that \$25,000,000 is to be allocated. Any funding provided to an entity under these provisions that is not spent for the purpose for which the funding was provided must be returned to the state. The unexpended balance of money allocated under these provisions as of August 31, 2020, is appropriated to DSHS for the 2021 state fiscal year for the purpose for which it was allocated.

C.S.S.B. 500 limits the eligible political subdivisions to which TDEM may provide money from the additional \$273,000,000 appropriation for matching funds for the FEMA hazard mitigation grant program, to the extent consisted with general law, to political subdivisions that have first applied any available federal Community Development Block Grant funds for disaster relief toward the total amount of matching funds required under the FEMA hazard mitigation grant program.

C.S.S.B. 500 requires HHSC, from amounts previously appropriated for the 2018-2019 state fiscal biennium, to transfer \$6,154,893 from Medicaid client services to Medicaid contracts and administration for use for contingency contracts. The bill increases by \$1,700,000 the amount that TCEQ may spend for capital budget items for the 2019 state fiscal year for security upgrades and replacing carpet and authorizes TCEQ to transfer capital budget item appropriations as necessary to make the authorized security upgrades and carpet replacement.

C.S.S.B. 500 appropriates \$636,000,000 from the rainy day fund to TEA for the 2020 state fiscal year, in addition to other amounts appropriated for that state fiscal year, for the increased state costs under the foundation school program resulting from the reduction in school district property values associated with Hurricane Harvey.

C.S.S.B. 500 requires any state agency or public institution of higher education that receives reimbursement from the federal government, an insurer, or another source for an expenditure paid from money appropriated by the bill to reimburse the state in an amount equal to the lesser of the amount appropriated under the bill and spent for that expenditure or the amount reimbursed by the other source for that expenditure. The bill requires the comptroller to deposit the amount of the reimbursement to the credit of the rainy day fund. Provisions of the bill making supplemental appropriations from the rainy day fund take effect only if the bill receives the necessary vote for such appropriations.

EFFECTIVE DATE

On passage.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

The substitute increases from \$643,000,000 to \$643,300,000 the reduction in the unencumbered appropriations to TEA from the foundation school fund.

The substitute includes appropriation reductions for HHSC and the GLO.

The substitute includes an additional appropriation to TSLAC for renovating the Promontory Point Drive facility in the city of Austin, Texas, for the storage of public records.

The substitute decreases from \$100,000,000 to \$10,930,000 the amount of the appropriation made to TEA for school safety. The substitute does not include the specific purposes for which that appropriation may go but does include limitations on the schools to which those funds may be allocated. The bill makes the appropriation contingent on certain legislation becoming law.

The substitute does not include the \$100,000,000 appropriation to the trustee programs within the governor's office for disaster grants but does include a \$50,000,000 appropriation to the trustee programs within the governor's office for purposes related to the Army Futures Command.

The substitute includes an additional appropriation to the judiciary section of the comptroller's office for the visiting judges program. The substitute increases the appropriation to the judiciary section for longevity pay from \$500,000 to \$546,589.

The substitute includes \$2,000,000 in appropriation to HHSC for state hospital construction for the hospital in the Panhandle region and the hospital in the Dallas area instead of \$300,000,000 without any specified projects.

The substitute includes additional appropriation to HHSC for the Medicaid health insurance providers fee, the Healthy Texas Women Program, mental health state hospitals, early childhood intervention, state supported living centers, and a rate increase for children's hospitals.

The substitute includes additional appropriation to DFPS for temporary emergency foster care placements and Region 3B community-based care.

The substitute includes additional appropriation to DSHS for X-linked adrenoleukodystrophy screenings and trauma capacity and response infrastructure.

The substitute includes additional appropriation to TEA for the adult high school diploma and industry certification charter school pilot program.

The substitute includes an additional \$636,000,000 appropriation to TEA for the 2020 state fiscal year for Hurricane Harvey-related increases in state costs under the foundation school program.

The substitute increases the additional state appropriation to TRS from \$542,000,000 to \$684,000,000 and makes that appropriation contingent on the passage of certain legislation. The substitute includes an additional payment to TRS, contingent on compliance with requirements regarding the amortization period of the unfunded TRS actuarial liabilities.

The substitute decreases the additional appropriation to The University of Texas at Austin relating to the Marine Science Institute from \$14,750,000 to \$10,200,000.

The substitute includes an additional appropriation to the coordinating board for the Texas research incentive program.

The substitute decreases the appropriation to the Texas A&M Forest Service for Hurricane Harvey-related expenses from \$2,458,240 to \$2,458,239.76 and increases the appropriation to the forest service for wildfire-related expenses from \$54,909,580 to \$54,909,580.30

The substitute includes appropriations to Lamar University, Lamar Institute of Technology, Lamar State College - Port Arthur, and Lamar State College - Orange for Hurricane Harvey-related damage.

The substitute includes an appropriation to Texas Southern University for thermal plant and steam tunnel maintenance.

The substitute increases the appropriation to DPS for Strategy A.1.1, Organized Crime, with regard to certain Hurricane Harvey-related expenses, from \$34,954,406 to \$34,954,409.

The substitute decreases the appropriation to TDEM for matching funds for the FEMA hazard mitigation grant program from \$275,000,000 to \$273,000,000 and increases the appropriation for the FEMA public assistance grant program from \$335,000,000 to \$400,000,000. The substitute makes those appropriations contingent on the passage of certain legislation. The substitute includes limitations on the authority of TDEM to provide the money appropriated to the hazard mitigation grant program.

The substitute includes an additional appropriation to the GLO for full-time equivalent employees assigned to build emergency short-term housing related to Hurricane Harvey, contingent on the renewal of federal FEMA grant money.

The substitute includes an appropriation to the GLO for abandoned vessel removal.

The substitute includes an increase to the amount TCEQ may spend for capital expenditures in the 2019 state fiscal year for purposes of upgrading security and replacing carpet. The substitute authorizes TCEQ to transfer capital budget item appropriations to make those upgrades and replacements.

The substitute increases from \$8,000,000 to \$17,000,000 the amount of the appropriation to TPWD for Hurricane Harvey-related expenses. The substitute includes appropriations to TPWD for the Wyler Aerial Tramway. The substitute does not include an appropriation to TPWD for the replacement of inoperable radios.

The substitute does not include an appropriation to the soil and water conservation board for dam infrastructure projects.

The substitute does not include appropriations to the Texas Water Development Board for state flood risk maps and for state flood plan infrastructure projects.

The substitute includes an appropriation to TxDOT for the transportation infrastructure fund.

The substitute includes an appropriation to the TSBP for the prescription monitoring program.

The substitute includes a state contribution to ERS.

The substitute directs HHSC to make certain fund transfers. The substitute requires HHSC to reserve certain amounts appropriated for Medicaid client services to reimburse providers for the costs of intensive behavioral intervention for certain persons with autism.

The substitute does not include an appropriation to the comptroller for the Texas infrastructure resiliency fund or certain other provisions relating to that fund.

The substitute provides for the reimbursement to the rainy day fund of any expenditure made from that fund, rather than only expenditures paid or reimbursed from the rainy day fund.