

SUBJECT: Contingent appropriations for fiscal 2012-13

COMMITTEE: Appropriations — committee substitute recommended

VOTE: 20 ayes — Pitts, Aycock, Button, Chisum, Crownover, Darby, Eiland, Gooden, Hochberg, Johnson, S. King, Margo, McClendon, Morrison, Otto, Patrick, Schwertner, Shelton, Torres, Zerwas

0 nays

7 absent — Turner, Dukes, Giddings, Martinez, D. Miller, Riddle, Villarreal

SENATE VOTE: On final passage, June 3 — 20–11 (Davis, Ellis, Gallegos, Lucio, Rodriguez, Uresti, Van de Putte, Watson, West, Whitmire, Zaffirini)

WITNESSES: (*On companion bill, HB 2*)
For — None

Against — None

On — Bee Moorhead, Texas Impact

BACKGROUND: HB 1 by Pitts, the general appropriations act for fiscal 2012-13 enacted by the 82nd Legislature during the regular session, included some appropriations that were contingent on enactment of specific legislation during the 82nd Legislature’s regular session. In some cases, this legislation was not enacted, and to take effect, the contingency riders making these appropriations would need to be updated to be contingent upon other bills enacted during the first called session of the 82nd Legislature.

DIGEST: CSSB 2 would make appropriations to several state agencies for fiscal 2012-13, most contingent on the enactment of legislation during the first called session of the 82nd Legislature, including the funding for public education. The bill would have a two-year, net cost to general revenue related funds of \$29.3 billion through the end of fiscal 2013. These appropriations would be in addition to the amounts appropriated in the

fiscal 2012-13 general appropriations act, HB 1 by Pitts, enacted during the 82nd Legislature's regular session.

The bill would take immediate effect.

Funding for public education. The bill would restate the HB 1 appropriation of \$38.6 billion to the Foundation School Program (FSP). Based on adjusted new student enrollment growth projections and increased property value projections, the bill would reduce the FSP appropriation by \$438.9 million for fiscal 2012 and \$361.1 million for fiscal 2013.

Should SB 1 or similar legislation amending chapter 42 of the Education Code to reflect the state aid payments to the FSP in CSSB 2 fail to be enacted during the 82nd Legislature's first called session, the all funds appropriation to the FSP in CSSB 2 would be reduced to zero for each year of fiscal 2012-13.

Contingent on enactment of SB 1 or similar legislation during the 82nd Legislature's first called session, providing the legal basis for deferring the August 2013 FSP payment to school districts, the bill would reduce the appropriation to the FSP by \$2.3 billion for fiscal 2013.

Contingent on voter approval of HJR 109, a proposed constitutional amendment that would authorize the General Land Office (GLO) to distribute revenue derived from Permanent School Fund (PSF) land to the Available School Fund (ASF), the bill would reduce the appropriation to the FSP by \$150 million for each year of fiscal 2012-13. It would appropriate the same amounts to the FSP from the ASF, if the GLO makes the distribution from the PSF to the ASF authorized by HJR 109.

Contingency for instructional materials allotment. CSSB 2 would allocate \$184.0 million for the public education instructional materials allotment, contingent on SB 6 by Shapiro, or similar legislation enacted during the 82nd Legislature, first called session, taking effect immediately. If there were a conflict with HB 4 by Pitts, et al., 82nd regular session, the supplemental appropriation bill, the provisions in CSSB 2 would prevail.

Contingencies for managed care expansion. CSSB 2 would appropriate funds to the Health and Human Services Commission (HHSC) for Medicaid managed care expansion, contingent on the enactment of HB 7

by Zerwas, or similar legislation, during the 82nd Legislature's first called session. HHSC would be appropriated \$179.1 million in general revenue funds and \$273.5 million in federal funds for Goal B Medicaid for fiscal 2012-13. General revenue appropriations to HHSC would be increased by \$440.7 million for fiscal 2012-13 and general revenue appropriations to DADS would be reduced by that amount. HHSC would be required to report by December 1, 2012, to the Legislative Budget Board and the governor on the cost savings in general revenue funds and all funds that were realized by the expansion of managed care in fiscal 2012-13.

CSSB 2 would appropriate \$457,600 to HHSC, contingent on enactment of HB 7 or similar legislation during the 82nd Legislature's first called session, that would create the Institute of Health Care Quality and Efficiency and repeal of the Texas Health Care Policy Council. The number of FTEs would be increased by 2.0 for each fiscal year of fiscal 2012-13.

CSSB 2 would appropriate funds to the Texas Department of Insurance (TDI), contingent on enactment of HB 7 or similar legislation during the 82nd Legislature's first called session that would authorize health care collaboratives. To implement the legislation, the TDI would be appropriated, for fiscal 2012-13, \$631,309 from general-revenue insurance companies maintenance tax and insurance department fees and \$946,963 from the TDI's operating account. FTEs would be increased by 8.0 in fiscal 2012 and 16.0 in fiscal 2013.

Contingency for cancer prevention and research bonds. Appropriations made by the 82nd Legislature, regular session, in the fiscal 2012-13 general appropriations act, HB 1 by Pitts, for general obligation bond debt service for cancer prevention and research bonds would be contingent on enactment of SB 1 or similar legislation during the 82nd Legislature's first called session, relating to the use of the use of Tobacco Settlement Funds for debt service. This contingent appropriation would be made to the Public Finance Authority and would come from the Permanent Fund for Health and Tobacco Education and Enforcement, the Permanent Fund for Children and Public Health, and the Permanent Fund for EMS and Trauma Care.

Contingency for Oil and Gas Regulation and Cleanup (OGRC) Fund. Contingent upon enactment of SB 1 or similar legislation during the 82nd Legislature's first called session, General Revenue Fund appropriations to

the Railroad Commission would be reduced by \$16.8 million in fiscal 2012 and by \$16.7 million in fiscal 2013 and replaced with appropriations from the Oil and Gas Regulation and Cleanup Fund (OGRC) Fund. SB 1 would create the OGRC Fund to be funded by surcharges on existing industry fees in order to cover costs of the agency's oil and gas related activities.

In addition, CSSB 2 would reduce appropriations out of the Oil Field Cleanup Account by \$20.6 million in fiscal 2012 and by \$20.6 million in fiscal 2013 and replace those funds with appropriations from the OGRC Fund.

Contingency for expansion of the pipeline safety fee. Contingent on enactment of SB 1 or similar legislation during the 82nd Legislature's first called session that would allow for the use of pipeline safety fees for gas utility regulatory functions, the Railroad Commission would be appropriated up to \$233,000 each fiscal year of the fiscal 2012-13 biennium. This appropriation would be contingent upon the Railroad Commission's increasing pipeline safety fees and limited to revenues deposited in excess of the comptroller's fiscal 2012-13 biennial revenue estimate.

Contingent appropriation for the Office of Court Administration. The Office of Court Administration would be appropriated \$239,317 for fiscal 2012-13, contingent on enactment of SB 1 or similar legislation during the 82nd Legislature's first called session, relating to license fees and the use of the fees for process servers, guardians, and court reporters. The fees, fines, and other revenues authorized by the Process Servers Review Board, the Guardianship Certification Board, and the Court Reporters Certification Board would have to cover the appropriation in the bill as well as other direct and indirect costs, estimated to be \$59,958. The agency's FTEs would be increased by 2.0 each fiscal year.

Contingency for voter registration. The funds that were appropriated in HB 1, the fiscal 2012-13 general appropriations act, to the comptroller's fiscal programs for voter registration would be transferred to the secretary of state, contingent on enactment of SB 1 or similar legislation during the 82nd Legislature's first called session relating to transferring voter registration payments.

Employees Retirement System. The Employees Retirement System (ERS) would be appropriated a total of \$7.5 million from all funds for the Law Enforcement and Custodial Officer Supplemental Retirement (LECOS) Fund for a state contribution rate of 0.5 percent, to conform with funding in the fiscal 2012-13 general appropriations act. The appropriation would be composed of \$6.7 million in general revenue; \$96,261 in general revenue-dedicated funds; \$696,386 from State Highway Fund 6; and \$29,330 in federal funds.

NOTES:

The House committee substitute made several changes to the Senate-passed version of the bill, including changing the appropriation for LECOS so that it would not be contingent on enactment of SB 1 and adding provisions dealing with the instructional materials allotment. The committee substitute deleted numerous provisions from the Senate-passed bill, including: an appropriation of the proceeds of a tobacco user monthly premium fee for the state employee health plan; an appropriation for civil legal services and indigent defense; an appropriation for lapsed appropriations for disaster relief; and contingent funding for the Texas Back to Work Program, the Homeless Housing Program, state emergency communications, Texas State Technical College-Waco, and Lamar Institute of Technology.