

BILL ANALYSIS

Senate Research Center

H.B. 2
By: Otto et al. (Nelson)
Finance
5/21/2015
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 2 amends current law relating to making supplemental appropriations and giving direction and adjustment authority regarding appropriations.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. APPROPRIATION REDUCTION: PUBLIC FINANCE AUTHORITY. Reduces the unencumbered appropriations from the general revenue fund to the Texas Public Finance Authority (TPFA) made by Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for use during the state fiscal biennium ending August 31, 2015, for bond debt service payments, including appropriations subject to Rider 2, page I-45, Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), to the bill pattern of the appropriations to TPFA, by a total aggregate of \$21,000,000. Requires the Public Finance Authority to identify the strategies and objectives to which the reduction is to be allocated and the amount of the reduction for each of those strategies and objectives.

SECTION 2. APPROPRIATION REDUCTION: TEXAS EDUCATION AGENCY. Reduces the unencumbered appropriations from the general revenue fund to the Texas Education Agency made by Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for use during the state fiscal biennium ending August 31, 2015, for Strategy A.1.1., FSP-Equalized Operations, by \$710,000,000.

SECTION 3. APPROPRIATION REDUCTION: DEPARTMENT OF TRANSPORTATION. Reduces the unencumbered appropriations from the general revenue fund to the Texas Department of Transportation (TxDOT) made by Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for use during the state fiscal biennium ending August 31, 2015, for Strategy G.1.1., General Obligation Bonds, by \$22,100,000.

SECTION 4. APPROPRIATION REDUCTION: HEALTH AND HUMAN SERVICES COMMISSION. Reduces the unencumbered appropriations from federal funds to the Health and Human Services Commission (HHSC) made by Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for use during the state fiscal biennium ending August 31, 2015, for Strategy D.1.1., TANF (Cash Assistance) Grants, by \$35,083,683.

SECTION 5. APPROPRIATION REDUCTION: DEBT SERVICE PAYMENTS - NON-SELF SUPPORTING G.O. WATER BONDS. (a) Reduces the unencumbered appropriations from the general revenue fund to the Debt Service Payments - Non-Self Supporting G.O. Water Bonds made by Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for use during the state fiscal biennium ending August 31, 2015, for Strategy A.1.1., EDAP Debt Service, by \$362,107.

(b) Reduces the unencumbered appropriations from the general revenue fund to the Debt Service Payments - Non-Self Supporting G.O. Water Bonds made by Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for use during the state fiscal biennium ending August 31, 2015, for Strategy A.1.3., WIF Debt Service, by \$5,570,411.

SECTION 6. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES: FOSTER CARE SHORTFALL. Appropriates \$17,729,316 out of the general revenue fund to the Department of Family and Protective Services (DFPS) for Strategy B.1.11., Foster Care Payments, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for the state fiscal year ending August 31, 2015, for the purpose of providing foster care, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2015.

SECTION 7. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES: TITLE IV-E WAIVER. Appropriates \$800,000 out of the general revenue fund, and \$800,000 out of federal funds, to DFPS for Strategy B.1.11., Foster Care Payments, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for the state fiscal year ending August 31, 2015, for the purpose of matching funds for information technology costs and pre-evaluation costs associated with the Title IV-E waiver, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2015.

SECTION 8. HEALTH AND HUMAN SERVICES COMMISSION: MEDICAID SHORTFALL. Appropriates \$85,543,166 out of the general revenue fund, and \$118,373,797 out of federal funds, to HHSC for Goal B, Medicaid, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for the state fiscal year ending August 31, 2015, for Medicaid acute care services, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2015.

SECTION 9. HEALTH AND HUMAN SERVICES COMMISSION: MEDICAID HEALTH INSURANCE PROVIDERS FEE AND ASSOCIATED FEDERAL INCOME TAX. Appropriates \$79,685,024 out of the general revenue fund, and \$113,570,204 out of federal funds, to HHSC for Goal B, Medicaid, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for the state fiscal year ending August 31, 2015, for the purpose of adjusting Medicaid capitation payments made to managed care organizations providing health care services through managed care plans under the Medicaid program to account for the health insurance providers fee imposed under Section 9010 of the federal Patient Protection and Affordable Care Act (Pub. L. No. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152), and the associated effects of that fee on federal income taxes, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2015. Requires the executive commissioner of HHSC, before HHSC makes any capitation payments to managed care organizations that are adjusted using money appropriated under this section, to submit a report to the Legislative Budget Board (LBB) that specifies:

- (1) the methodology and bases used to determine the amount of the capitation payment adjustments;
- (2) the amounts by which capitation payments are adjusted using money appropriated under this section; and
- (3) whether any managed care organization that is a recipient of a capitation payment adjustment paid using money appropriated under this section was also a recipient of one or more other Medicaid capitation payment adjustments paid during the state fiscal biennium ending August 31, 2013, or August 31, 2015, and the aggregate cost to this state of the other Medicaid capitation payment adjustments paid during those bienniums.

SECTION 10. HEALTH AND HUMAN SERVICES COMMISSION: CHIP HEALTH INSURANCE PROVIDERS FEE AND ASSOCIATED FEDERAL INCOME TAX.

Appropriates \$4,516,607 out of the general revenue fund, and \$15,404,526 out of federal funds, to HHSC for Goal C, CHIP Services, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for the state fiscal year ending August 31, 2015, for the purpose of adjusting child health plan program capitation payments made to managed care organizations providing health care services through managed care plans under the child health plan program to account for the health insurance providers fee imposed under Section 9010 of the federal Patient Protection and Affordable Care Act (Pub. L. No. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152), and the associated effects of that fee on federal income taxes, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2015. Requires the executive commissioner of HHSC, before HHSC makes any capitation payments to managed care organizations that are adjusted using money appropriated under this section, to submit a report to the LBB that specifies:

- (1) the methodology and bases used to determine the amount of the capitation payment adjustments;
- (2) the amounts by which capitation payments are adjusted using money appropriated under this section; and
- (3) whether any managed care organization that is a recipient of a capitation payment adjustment paid using money appropriated under this section was also a recipient of one or more other child health plan program capitation payment adjustments paid during the state fiscal biennium ending August 31, 2013, or August 31, 2015, and the aggregate cost to this state of the other child health plan program capitation payment adjustments paid during those bienniums.

SECTION 11. TEACHER RETIREMENT SYSTEM: TRS CARE SHORTFALL. Appropriates \$768,100,754 out of the general revenue fund to the Teacher Retirement System (TRS) for the state fiscal year ending August 31, 2015, for Strategy A.2.1., Retiree Health-Statutory Funds, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for TRS Care, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2015.

SECTION 12. DEPARTMENT OF CRIMINAL JUSTICE: CORRECTIONAL MANAGED HEALTH CARE SHORTFALL. Appropriates \$50,500,000 out of the general revenue fund to the Department of Criminal Justice for the state fiscal year ending August 31, 2015, for Strategy C.1.8., Hospital and Clinical Care, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for correctional managed health care, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2015.

SECTION 13. VETERANS COMMISSION: FULL-TIME EQUIVALENT EMPLOYEES. Authorizes the Texas Veterans Commission (TVC), the number of full-time equivalent employees (FTEs) TVC is authorized by other law to employ during the state fiscal year ending August 31, 2015, to employ an additional 19.5 FTEs during that state fiscal year.

SECTION 14. DEPARTMENT OF TRANSPORTATION: UNEXPENDED BALANCE AUTHORITY FOR ENERGY SECTOR ROAD APPROPRIATIONS. Provides that any money appropriated by Section 40, Chapter 836 (H.B. 1025), Acts of the 83rd Legislature, Regular Session, 2013, from the general revenue fund to TxDOT for transfer to the Transportation Infrastructure Fund or State Highway Fund 6 and use during the two-year period beginning on the effective date of that Act for road repairs in energy sectors as specified by that Act that, immediately preceding the expiration of that two-year period, is unexpended and unencumbered, is appropriated to TxDOT for the same purpose for the two-year period beginning on the effective date of this Act.

SECTION 15. TEXAS DEPARTMENT OF INSURANCE: HEALTHY TEXAS PROGRAM.
(a) Transfers \$708,000 from the general revenue fund to general revenue account number 0036, Texas Department of Insurance Operating Fund Account, and appropriates it from that account

to the Texas Department of Insurance (TDI) for the state fiscal year ending August 31, 2015, for Strategy A.1.1., Consumer Education and Outreach, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for agency operations, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2015.

(b) Transfers \$1,000,000 from the general revenue fund to general revenue account number 0036, Texas Department of Insurance Operating Fund Account, and appropriates it from that account to TDI for the state fiscal year ending August 31, 2015, for Strategy A.3.1., Process Rates, Forms & Licenses, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for agency operations, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2015.

(c) Transfers \$3,592,000 from the general revenue fund to general revenue account number 0036, Texas Department of Insurance Operating Fund Account, and appropriates it from that account to TDI for the state fiscal year ending August 31, 2015, for Strategy A.4.3., Healthy Texas, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for agency operations, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2015.

SECTION 16. FACILITIES COMMISSION: HEALTH AND SAFETY REPAIRS AT THE TEXAS SCHOOL FOR THE DEAF. (a) Appropriates the amount of \$10,952,024 out of the general revenue fund to the Texas Facilities Commission (TFC) for Strategy B.2.1., Facilities Operation, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for the period beginning on the effective date of this Act and ending on August 31, 2016, for critical operations, deferred maintenance, and health and safety projects at the Texas School for the Deaf, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2015.

(b) Requires TFC to report monthly to the LBB, in a manner prescribed by the LBB, regarding the use of the money appropriated in Subsection (a) of this section. Requires that each report provide information on project milestones, target completion dates, and money spent as of the date of the report.

SECTION 17. FACILITIES COMMISSION: CRITICAL OPERATIONS, DEFERRED MAINTENANCE, AND HEALTH AND SAFETY MAINTENANCE AT STATE-OWNED BUILDINGS. (a) Appropriates the amount of \$9,538,658 out of the general revenue fund to TFC for Strategy B.2.1., Facilities Operation, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for the two-year period beginning on the effective date of this Act for critical operations, deferred maintenance, and health and safety maintenance at state-owned buildings, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2015.

(b) Requires TFC to report monthly to the LBB, in a manner prescribed by the LBB, regarding the use of the money appropriated in Subsection (a) of this section. Requires that each report provide information on project milestones, target completion dates, and money spent as of the date of the report.

SECTION 18. OFFICE OF COURT ADMINISTRATION, TEXAS JUDICIAL COUNCIL: E-FILING SYSTEM. Appropriates \$6,400,000 out of the general revenue fund to the Office of Court Administration, Texas Judicial Council, for Strategy A.1.2., Information Technology, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for the state fiscal year ending August 31, 2015, for management of the statewide e-filing system, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2015.

SECTION 19. PARKS AND WILDLIFE DEPARTMENT: SAN JACINTO LAWSUIT SETTLEMENT. Provides that, in addition to the amounts previously appropriated for the state

fiscal biennium ending August 31, 2015, if money is recovered under an agreed final judgment in *Harris County v. Waste Management of Texas, Inc.*, No. 2011-76724-A (295th Dist. Ct., Harris County, Tex. ____ 2014), and deposited to the credit of the general revenue fund, the amount of that recovered money that is deposited to the credit of the general revenue fund, but not to exceed \$10 million, is appropriated from that fund to the Texas Parks and Wildlife Department (TPWD) for the two-year period beginning on the effective date of this Act for the purpose of transferring the money to Harris County. Authorizes funds to be transferred to Harris County under this section only in accordance with an agreement between TPWD and Harris County for use along the San Jacinto River and in its watershed to mitigate the effects of environmental contamination and the effects of that contamination on natural resources and the public use of natural resources. Requires that funds transferred under this section be used only for one or more of the following:

- (1) dissemination of information pertaining to marine life, wild animal life, wildlife values, and wildlife management;
- (2) scientific investigation and survey of marine life for the better protection and conservation of marine life;
- (3) propagation and distribution of marine life, game animals, and wild birds;
- (4) protection of wild birds, fish, and game;
- (5) research, management, and protection of the fish and wildlife resources of this state;
- (6) expansion and development of additional opportunities of hunting and fishing in state-owned land and water;
- (7) purchase, construction, and maintenance of boat ramps on or near public waters; and
- (8) resource protection activities.

SECTION 20. APPROPRIATION FOR VOLUNTEER FIREMEN MONUMENT. Appropriates the amount of \$95,000 out of the general revenue fund to the State Preservation Board for the two-year period beginning on the effective date of this Act for the purpose of expanding and improving the volunteer firemen monument on the south lawn of the Capitol grounds, in addition to amounts previously appropriated for the state fiscal biennium ending August 31, 2015.

SECTION 21. DEPARTMENT OF PUBLIC SAFETY: LIMITATION ON APPROPRIATIONS FOR RECRUIT SCHOOLS. (a) Defines "new trooper" to mean a trooper employed by the Department of Public Safety of the State of Texas (DPS) for less than 52 weeks, and "recruit school" and "training school" to include any school or other training program operated by or for the benefit of DPS for a purpose that may include training a new trooper in this section.

(b) Provides that this section applies only to:

- (1) the unexpended and unencumbered appropriations from the general revenue fund to DPS made by Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for use during the state fiscal biennium ending August 31, 2015; and
- (2) any appropriated money transferred to DPS pursuant to Chapter 317, Government Code, during the state fiscal biennium ending August 31, 2015, for use by DPS during that biennium.

(c) Authorizes money to which this section applies to be used to pay:

- (1) any cost or expense that may be directly or indirectly related to the operation of a training school or recruit school that provides a new trooper with 8 weeks of

training only until 250 troopers are graduated and employed as a result of an 8-week training program; or

(2) compensation to a trooper who completes the 23-week recruit school in an amount that exceeds the entry-level trooper compensation.

SECTION 22. DEPARTMENT OF PUBLIC SAFETY: CERTAIN TRANSFER AUTHORITY. Provides that, notwithstanding the transfer authority provided in Section 14.01, page IX-52, Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), money appropriated to DPS by that Act or any appropriated money transferred to DPS pursuant to Chapter 317, Government Code, during the state fiscal biennium ending August 31, 2015, for a purpose may not be transferred to another appropriation item or purpose without the prior written approval of the LBB.

SECTION 23. HEALTH AND HUMAN SERVICES COMMISSION: CERTAIN TRANSFERS. Transfers the following amounts of general revenue funds appropriated for the state fiscal biennium ending August 31, 2015, to HHSC for the state fiscal year ending August 31, 2015, for Goal B, Medicaid, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for Medicaid acute care services:

(1) \$98,762,408 from the appropriations made to the Department of Aging and Disability Services (DADS) for Strategy A.2.4., Habilitation Services, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act);

(2) \$43,527,524 from the appropriations made to DADS for Goal A, Long-Term Services and Supports, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act);

(3) \$5,900,000 from the appropriations made to the Department of State Health Services for Strategy B.1.4., Community Primary Care Services, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act);

(4) \$101,900,000 from the appropriations made to HHSC for Strategy A.1.2., Integrated Eligibility and Enrollment (IEE), as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act);

(5) \$2,700,000 from the appropriations made to HHSC for Strategy G.1.1., Office of Inspector General, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act); and

(6) \$43,303 from the appropriations made to HHSC for Strategy D.1.1., TANF (Cash Assistance) Grants, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act).

SECTION 24. MIDLAND COLLEGE: AMERICAN AIRPOWER HERITAGE MUSEUM. Requires that unexpended and unencumbered amounts appropriated from the general revenue fund to Midland College for Strategy AB.1.1., American Airpower Heritage Museum, as listed in Chapter 1411 (S.B. 1), Acts of the 83rd Legislature, Regular Session, 2013 (the General Appropriations Act), for use during the state fiscal biennium ending August 31, 2015, be distributed to the Permian Basin Petroleum Museum. Requires Midland College, before disbursing any state money, to enter into a grant agreement with the Permian Basin Petroleum Museum that specifies the use of the money and requires that the money be spent in accordance with state law and the General Appropriations Act.

SECTION 25. EFFECTIVE DATE. Effective date: upon passage.