



Chair, Rep. Garnet Coleman

Treasurer, Rep. Armando Walle

Bill Analysis for HB 2

Author: Chairman John Zerwas

Rating: Favorable

HB 2 evaluated by: Joel Kissell

joel@texaslsg.org 832-707-3690

HB 2 outlines the supplemental appropriations needed to fund critical services for the rest of Fiscal Year 2017. The introduced version of the bill drew \$2.47 billion in funds from the Economic Stabilization Fund, also known as the “rainy day fund,” instead of using 2018-2019 General Revenue; that is no longer the case in CSHB 2, as those provisions are included in Article IX of the House substitute to SB 1. The rearrangement of funding sources leaves HB 2 cleaner and more straightforward to meet the needs of state agencies.

HB 2 distributes \$2.87 billion All Funds, \$1.14 billion from General Revenue and \$1.73 billion in federal matching funds:

- \$2.64 billion for the Health and Human Services Commission to fund Medicaid.
- \$148.0 million to the Department of Family and Protective Services to address critical needs within the agencies programs. \$46.3 million in General Revenue is provided for day care and foster care/adoption payments. \$101.7 million is allocated to different strategies to compensate for an equal transfer to HHSC, essentially as an interagency loan repayment.
- \$80.0 million to the Department of Criminal Justice to cover managed health care expenses for inmates.
- \$51.3 million to HHSC for acute care therapy services under Medicaid. This is a meager restoration of funds but leaves therapy services grossly underfunded after nearly \$350 million All Funds in cuts during the 84th Legislature. Rider 50 of HB 1 (84th) is also amended to account for this supplemental funding.
- \$5.1 million to the Texas A&M Forest Service for weather-related emergency response.
- \$4.47 million to Texas Juvenile Justice Department for operational expenses.
- \$650 thousand to the Animal Health Commission for cattle fever tick mitigation.

In total, \$2.93 billion in additional appropriations is made. The final provision within CSHB 2 relates to the Public Finance Authority, directing the agency to develop a strategy to make \$53.6 million in bond debt service reductions. **This brings the total fiscal note associated with CSHB 2 to \$2.87 billion All Funds.**