



Chair, Rep. Garnet Coleman

Treasurer, Rep. Elliott Naishtat

## Bill Analysis for House Bill 2

Author: Rep. John Otto Committee: Appropriation

**Recommendation: Favorable with Concerns**

CSHB 1 Evaluated By: Tara Blagg

[Tara@TexasLSG.org](mailto:Tara@TexasLSG.org); 512-763-0031

### Big Picture

The amount of lapsed funds from health and human services agencies is concerning, especially because the amounts are so large. **This money should not be available in the first place.** These dollars should have been spent by the Health and Human Services Commission and other health departments to provide services for people in this biennium (ending in August, 2015). However, HHSC and other agencies did not spend the money to do the job that the Legislature expects – and appropriated money for – them to do. Texans did not receive services as a result.

These surpluses include **\$142.3 million** in **DADS's** Habilitation and Long-Term Services; **\$101.9 million** in **HHSC** for Integrated Eligibility and Enrollment, **\$3.4 million for mental health support for children**; **\$2.2 million for mental health support for adults**; **\$5.9 million for community primary care services**; and **43,300** from the **TANF surplus**.

**CSHB 2 fills the Medicaid shortfall by taking advantage of the failure of HHSC and other health departments to do their job.** This is disturbing, and the question is **why did our agencies not spend the money appropriated to them to provide services to Texans?**

In addition to not enough services being offered in the current biennium, there is a danger that the lack of spending in this biennium will will create a lower funding “baseline” for the next biennium. **We must know why our agencies did not fully spend the money appropriated to them to provide crucial mental health, primary care, and long term care services.**

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As for the bill itself, CSHB 2 achieves a victory in replenishing the Teachers Retirement System fund. However, these funds – coming primarily from the Foundation School Program – could have come from General Revenue instead. We have the money. Further, without a change in the funding formula, TRS will continue to require periodic appropriations in order to avoid harming retired teachers.

### Analysis & Evaluation

CSHB 2 addresses financial shortfalls by adjusting FY2015 funds accordingly among those agencies. However, it partially does so because of inexplicably high funds leftover from various agencies. \$252.8 million is transferred from the following programs to fund the current \$348.4 million Medicaid shortfall:

- Department of Aging and Disability Services (DADS): **\$142.3 million is transferred from DADS's Rehabilitation and Long-Term Services**, which provides crucial support to the elderly and disabled. Need for DADS Habilitation and Long-term services is far from being met, evidenced by the more than 17,000 individuals projected for the next biennium to be on waiting lists for these services.
- Department of State Health Services (DSHS): **\$5.9 million of these funds are transferred from DSHS's Community Primary Care (CPC) Services**, which provides prevention and early intervention healthcare at 150 clinics for those who are uninsured or low-income (at or below 150% of the FPL). In 2011, DSHS funding was cut by two-thirds, causing more than 53 primary healthcare clinics to close, and increasing Medicaid costs by \$136 million over 2013 – 2015.
- Health and Human Services Commission (HHSC): **\$101.9 million is transferred from Integrated Eligibility and Enrollment**, which is an integrated system that helps determine Medicaid eligibility. **\$2.7 million is transferred from the Office of the Inspector General surplus and \$43.3 thousand from the TANF surplus.**

### **Why do we have so much money left over? Why are these funds not being used when our state's needs are so great?**

CSHB2 does make favorable transfers. From general revenue, \$768 million is appropriated to the Teacher Retirement System to avoid insolvency in 2016 (however this is offset by a \$710 million reduction in FSP funding due to higher property tax revenue). \$85.5 million is appropriated to HHSC to provide Medicaid acute care. \$50.5 million is allocated to UT Galveston Medical Branch and Texas Tech Health Science Center to provide managed health care to the prison population. \$20.6 million is appropriated to the Facilities Commission for much-needed deferred maintenance at the TX School for the Deaf and other state-owned buildings. \$17.7 million in general revenue is appropriated to DFPS for foster care payments.

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Additionally, \$84.2 million GR is appropriated to pay the ACA required insurer's fee for 2014-2015.

CSHB2 authorizes Parks and Wildlife to use up to \$10 million in proceeds from the Harris County v. Waste Management of Texas, Inc. lawsuit to mitigate contamination along the San Jacinto River, contingent on its ruling. It also authorizes unexpended balance authority to TxDOT for road repairs in energy sectors.

Other notable reductions in CSHB1 include \$49 million GR in debt savings due to lower than projected interest rates and \$35 million in a federal TANF fund surplus.

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