



TEXAS LEGISLATIVE STUDY GROUP

An Official Caucus of the Texas House of Representatives

Representative:

Desk:

Bill Analysis

Items Eligible for Consideration HB 2

Author: Rep. Greg Bonnen, MD SP: Sen. Jane Nelson

Recommendation: Favorable, with Concerns

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Summary

HB 2 implements supplemental appropriations and reductions to appropriations for the current fiscal biennium, and gives direction and adjustment authority regarding appropriations to the General Appropriations Act (GAA) of the 86th Legislative Session. The Senate amendments propose several changes, including increasing and decreasing supplemental appropriations and reductions to appropriations, removing, and adding appropriations, and changing funding sources. Many of these changes are due to decisions made in conference committee to move items from SB 1 and into HB 2. Many appropriations not funded in SB 1 can be found in HB 2 and vice-versa. The amendments also give the legislature authority over how to spend APRA funds when called into special session by the governor for redistricting. The \$793.3 million in General Revenue-Related (GR-R) savings from the 5% agency cuts and lapses in fiscal year 2020 remains the same in both versions, but the agencies impacted changes. The Senate version would leave a reduced net All Funds (AF) savings of \$3,384.3 million following additional appropriations throughout CSHB 2, the House version included savings of \$6,217.4 million in AF. Additionally, the Senate proposes \$531.1 million in appropriations from the Economic Stabilization Fund (ESF) as opposed to the \$876.3 million in appropriations from the ESF proposed by the House. The majority of funding source changes proposed by the Senate regard utilizing GR-R funding rather than the ESF. Concerns include the underfunding of higher education, failing to expand Medicaid, underfunding of correctional health services, underfunding of capital expenses for residential living nursing homes and the overinflation of funds appropriated to border security. The analysis below represents changes made by the senate.

Federal Funds Amendment

After bipartisan discussions over the stripping of budget language added in the House that would have given the legislature a say in how to appropriate federal funds, a new amendment was added in the Senate that aims to accomplish just that. Although not as broad as the House amendment, the senate amendment would allow the legislature to appropriate federal dollars after this regular session is concluded. Texas is expecting around \$16 billion in funds from the American Rescue Plan Act and this amendment will allow more ideas and more discussion around how to best serve our communities during this time. The provisions of the amendment would require the legislature to pass another appropriations bill in the expected special session in the fall.

Unencumbered Balances

Appropriations not fully expended, encumbered, or expected to be unencumbered at the end of the budget cycle will lapse. An agency's authority to use or access lapsed funds during the next fiscal year and biennium varies. Action is taken to either appropriate for the same purpose or to reduce the amount unencumbered.

- Reduces ESF appropriations to Texas Infrastructure Resiliency Fund for floodplain management account by \$71.6 million, rather than \$172 million as in the House version.

Coronavirus Relief Fund (CRF)

The Coronavirus Relief Fund (CRF) provided federal funds (FF) for payroll expenses for public safety, public health, health care, human services, and similar employees responding to the COVID-19 public health emergency. CRF also provided economic support for those suffering from employment or business interruptions due to COVID-19. The Senate proposes a reduction in \$2.4 billion of GR-R funds, contingent on receiving this amount in FF for the same purposes, an increase in reductions of \$729.8 million from the House version. Proposed changes by the Senate in the amount appropriations are reduced include:

- Texas Alcoholic Beverage Commission (TABC): \$16.6 million reduction decreased to \$10.5 million
- Texas Department of Criminal Justice (TDCJ): \$853.8 million reduction increased to \$1.4 billion
- Department of Family and Protective Services (DFPS): \$194.9 million reduction increased to \$226.6 million
- Texas Department of Public Safety (DPS): \$307.4 million reduction decreased to \$303.8 million
- Department of State Health Services (DSHS): \$55 million reduction decreased to \$27.6 million
- Health and Human Services Commission (HHSC): \$62.3 million reduction increased to \$182.6 million
- Texas Juvenile Justice Department (TJJD): \$15.9 million reduction increased to \$46.5 million
- Texas Parks and Wildlife Department (TPED): \$11.8 million reduction decreased to \$5.8 million
- The University of Texas M.D. Anderson Cancer Center: \$90.9 million reduction increased to \$99.6 million
- The University of Texas Medical Branch at Galveston: \$55.7 million reduction increased to \$60.4 million
- Texas Military Department (TMD) and the University of Texas Health Center at Tyler no longer reduced.



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Extending Authority to Use Unencumbered Balances

The Senate proposes to authorize the following additional agencies will be able to retain any, and all, unencumbered balances (estimated to be \$0) appropriated for the same specified purposes.

- Library and Archives Commission.
- HHSC.

Changes to Appropriations

- Texas Facilities Commission (TFC) is appropriated \$1.4 million from the ESF for 5.9 FTEs to build an information modeling and management system.
- Texas Historical Commission (THC) is appropriated \$5.5 million from the ESF for National Museum of the Pacific War capital projects and \$25 million from the ESF for courthouse preservation grants.
- Texas Education Agency (TEA) is appropriated as additional \$44 million in GR to be distributed for each full-time equivalent student in average daily attendance in a special education program.
- HHSC is appropriated \$23.7 million from master lease purchase revenue bonds to address deferred maintenance needs at state supported living centers and state hospitals.
- General Land Office (GLO) is appropriated \$50 million from the ESF for the Alamo.
- HHSC is appropriated \$126.7 million in AF for IT projects.
- TxDOT is appropriated \$10.6 million in GR, rather than \$21.3 million, for CAPPS upgrades and an additional \$98.2 million in AF for other IT projects.
- Department of Information Resources is appropriated \$15.7 million in GR for IT projects.
- Texas Ethics Commission is appropriated \$275,000 in GR for IT projects.
- State Office of Administrative Hearings is appropriated \$250,000 in GR for IT projects.
- TFC is appropriated \$206,959 in GR for IT projects.
- DSHS is appropriated \$8.1 million in GR, \$11.0 million in FF, and \$861,958 in other funds (OF) for IT projects.
- Animal Health Commission is appropriated \$287,509 in GR for IT projects.
- Department of Agriculture is appropriated \$175,000 in GR for IT projects.
- Texas Commission on Environmental Quality is appropriated \$1.1 million in GR-D for IT projects.
- TPWD is appropriated \$1.3 million in AF for IT projects.
- TFC is appropriated \$40 million from the ESF for land purchase and construction of a multipurpose building.
- Texas Division of Emergency Services Management is appropriated \$60 million in GR for the purchase of regional warehouse storage and staging areas.
- DPS: \$22 million for bullet resistant windshields and windows for Texas Highway Patrol.
- Employees Retirement System is appropriated \$1 billion to pay towards the retirement programs unfunded actuarial liability.
- \$30.3 million in GR to HHSC for Medicaid Client Services.
- UT Austin is appropriated an additional \$1.6 million in GR for adjustments to formula funding.
- Texas A&M Engineering Experiment Station is appropriated \$2.5 million to collaborate on Army Future Command program.
- Texas A&M University at Galveston is appropriated \$45 million in GR for the Maritime Infrastructure Project, to be used for a dock and other infrastructure improvements needed to accept new and larger vessels from the United States Department of Transportation and the United States Maritime Administration (MARAD).
- TDCH is appropriated \$14 million in GR for the purchase of capital transportation and motor vehicles.
- DPS is appropriated \$104.6 million in GR for the purchase of capital transportation and motor vehicles.
- State fulfills promises made in Texas Guaranteed Tuition Plan (TGTP) with \$271.18 million in GR appropriations.
- \$21.5 million in GR-R appropriated to the Railroad Commission for IT projects.
- TPWD is appropriated \$14.86 million in GR-R for the purchase of capital transportation and motor vehicles.
- For the construction of state hospitals, HHSC is appropriated:
 - \$124.1 million from the ESF to finish construction of a 240-bed replacement campus of Austin State Hospital.
 - \$152.4 million from the ESF to finish construction of a 300-bed replacement campus of San Antonio State Hospital
 - \$44.75 million from the ESF to begin pre-planning and planning efforts of a new state hospital in the Dallas-Fort Worth metropolitan area, including the acquisition of land for this purpose; and
 - \$133,334 in GR for one full-time equivalent (FTE) employee to oversee the construction projects during the two-year period.

Building Related Appropriations



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An aggregate total of \$196.2 million in GR is appropriated for building related items by the Senate, as opposed to the \$584.9 million in ESF proposed by the House.

- THC appropriation is decreased to \$2.5 million from \$19.1 million.
- Preservation Board is appropriated \$1.4 million.
- HHSC retains \$755,896 in GR and \$744,104 in FF for the Winters Data Center out of the \$322 million proposed by the House.
- TDCJ decreased to \$105.5 million from \$153.8 million.
- TMD decrease by \$2 million in GR and increased \$977,124 in FF for STAR revitalization.
- Senate leaves out \$24.4 million in AF appropriated to HHSC.
- Texas Department of Transportation (TxDOT) is appropriated \$210 million from the State Highway Fund.

Border Security

- Texas Military Department: \$22.3 million in GR
- Department of Public Safety: \$29.1 million in GR
- Trusteed Programs within the Office of the Governor: \$50 million in GR

Department of Family and Protective Services

- \$20.6 million in GR transferred across DFPS strategies to Foster Care Payment strategy.
- \$18.5 million for Relative Caregiver Payments transferred to various DFPS strategies to address foster care lawsuits, including \$15.24 million for Child Protective Services (CPS) program support and \$2.0 million for CPS Direct Delivery Staff.
- \$15.9 million transferred from TWC Contracted Day Care to DFPS purchased client services, including \$5.82 million to Substance Abuse Purchased Services.

Additional Actions Directed

The Governor is directed to supplant general revenue appropriations following the deposit of FF paid out by the Federal Emergency Management Agency into the Coronavirus Relief Fund.